



To,

July 25, 2018

**National Stock Exchange of India Limited**

Exchange Plaza, Bandra Kurla Complex,  
Bandra (East),  
Mumbai – 400 051

**Scrip Code: JYOTHYLAB**

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 023

**Scrip Code: 532926**

Dear Sir,

**Sub: Submission of the Annual Report of Jyothy Laboratories Limited for the Financial Year 2017-18**

With reference to the captioned subject, we are enclosing herewith Annual Report for the Financial Year 2017-18 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the members of the Company at its 27<sup>th</sup> Annual General Meeting held today i.e. July 25, 2018.

Please take the above on record and disseminate the same for the information of investors.

Thanking you,

Yours faithfully,

**For Jyothy Laboratories Limited**

**Shreyas Trivedi**  
**Head – Legal & Company Secretary**

Encl.: as above



From people comes passion,  
from passion comes performance!

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The whole nation is a family, and profit marches alongside the well-being of the people – that's the thought with which Jyothy Laboratories Limited (JLL) was founded. Over the decades, Jyothy Laboratories Limited has empowered the public, giving them the innovations they deserve. The Company has listened closely to every consumer segment, thus making unique products inspired by people's needs and desires. An ear-to-the-ground approach, backed by world-class technology and logistics, has enabled Jyothy Laboratories Limited to stay in line with the market.

This is the world of  
Jyothy Laboratories  
Limited where,  
**From people comes  
passion, from passion  
comes performance.**

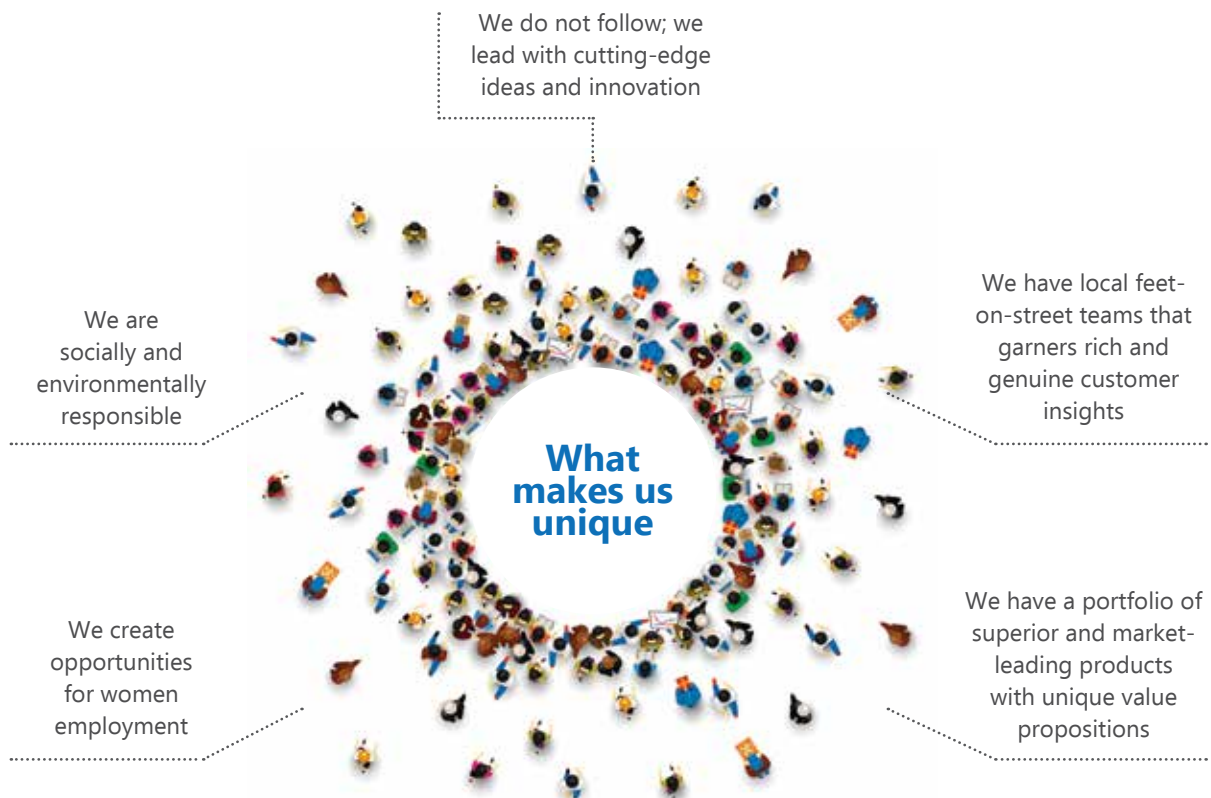
# A promise of trust and value

**Jyothy Laboratories Limited (JLL)** touches the lives of several million Indian consumers with its innovative products, which are sold directly across more than a million outlets.

It is a responsible corporate entity that contributes to nation-building by creating rural employment, with a special focus on women.

Its operations and programmes are designed to promote environmental sustainability.

It is committed to consistently servicing the interests of diverse stakeholders.





## The power of Jyothy Laboratories Limited today

**2.8**  
million+



Outlets where our products are available

**5**

Product categories of fabric care, dish wash, household insecticides, personal care, and laundry services

**6** **Power Brands**  
Ujala, Henko, Maxo, Margo, Exo, and Pril



**25**



Manufacturing plants across 21 locations in India

**1,000+**

Sales team members



**₹7,105 cr**

Market capitalisation as on March 31, 2018




# 2017-18 Financial Highlights



## Financials

↑	<b>Net sales</b> <b>₹ 1,763.8 Cr</b> 6.5% over 2016-17
↑	<b>EBITDA</b> <b>₹ 270.8 Cr</b> 5.4% over 2016-17
↑	<b>Gross Margin</b> <b>49.4%</b> 170 basis points 2016-17
↓	<b>Profit after Tax</b> <b>₹ 178.9 Cr</b> 12.4% over 2016-17

## Shareholders

	<b>Market Capitalisation</b> <b>₹ 7,105 Cr</b> As on March 31, 2018
	<b>Dividend per share</b> (on proposed expanded capital base) <b>₹ 0.50</b>
	<b>Total dividend payout</b> <b>₹ 18.18 Cr</b>

## Customers

	<b>GST benefits passed on</b> <b>6-10%</b> prices reduced across various categories
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## Community

	<b>Spent on CSR activities</b> <b>₹ 5.09 Cr</b> across various categories
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Note:

1. Above financial numbers are based on consolidated financial statement.
2. Growth percentage are based on previous year GST adjusted sales to show comparable numbers.
3. PAT Growth % is lower due to the reversal of tax of ₹ 65 Cr on set-off of losses in 2016-17 (Merger of Jyothy Consumer Products Marketing Limited with JLL).

## Key operational highlights, 2017-18

## Key brand activities



Restaging of Margo, Exo, and Pril



Launched new products:  
T-Shine in Kerala



New campaigns launched for  
Ujala IDD, Ujala Crisp & Shine,  
Ujala Fabric Whitener, Exo  
Dishwash Bar, Exo Bactoscrub,  
Pril Liquid

\*Growth percentage are based on previous year GST adjusted sales to show comparable numbers

Brand franchise  
performance \*

**Ujala**

0.8% growth



**Henko**

11.5% growth



**Exo**

8.7% growth



**Pril**

11.2% growth



**Margo**

26.2% growth



**Maxo**

-0.2% growth



**Our market  
capitalisation grew  
523% in the past  
10 years**





# Meeting each challenge with passion to deliver outstanding results

**2017-18**  
was probably one of the  
most challenging years in  
recent times...

Apprehensions ahead  
of Goods and Services  
Tax implementation  
impacted Q1-2017-18  
demand from  
distributors.



The impact:  
In Q1-2017-18, our  
revenues fell by  
15% and EBITDA  
margins declined  
by 690 basis points.



**...but we were ready with  
counter-strategies, and  
successfully overcame the  
impact of the first quarter dip  
in the following quarters.**

1. 

**We**  
acted fast  
to be GST-  
ready

We trained our people and trade partners, and adopted a new management information system and transaction recording system to be completely aligned on the day GST was introduced

2. 

**We**  
engaged proactively with  
Trade

We engaged one-to-one with all our vendors and customers to be GST compliant. We hand-held them through the entire process to ensure that our supply chain ecosystem was back on track. We identified wholesalers and large retail stores willing to go formal and helped them adopt the new system

3. 

**We**  
hit full-planned  
capacity  
utilisation in  
our Guwahati  
plant

We undertook robust planning and assigned our capable manufacturing team to make this happen. We completed the project ahead of schedule by March 31, 2018, in a record time of nine months, which was necessary to be eligible for financial incentives

4. 

**We**  
strengthened  
our  
brands

We restaged Margo, Exo, and Pril brands. We launched new campaigns for Ujala Supreme, Ujala IDD, Ujala Crisp & Shine, Exo Dishwash Bar, Exo Bactoscrub, Pril Liquid

## Result:



### Sales rebounded and revenues

for Q2, Q3, and Q4 of 2017-18 grew by 9.6%, 15.9%, and 17.2% respectively over the corresponding quarters in the previous year



### Profitability

improved and EBITDA margins for Q2, Q3, and Q4 of 2017-18 increased to 16.4%, 16.1%, and 17.1% respectively

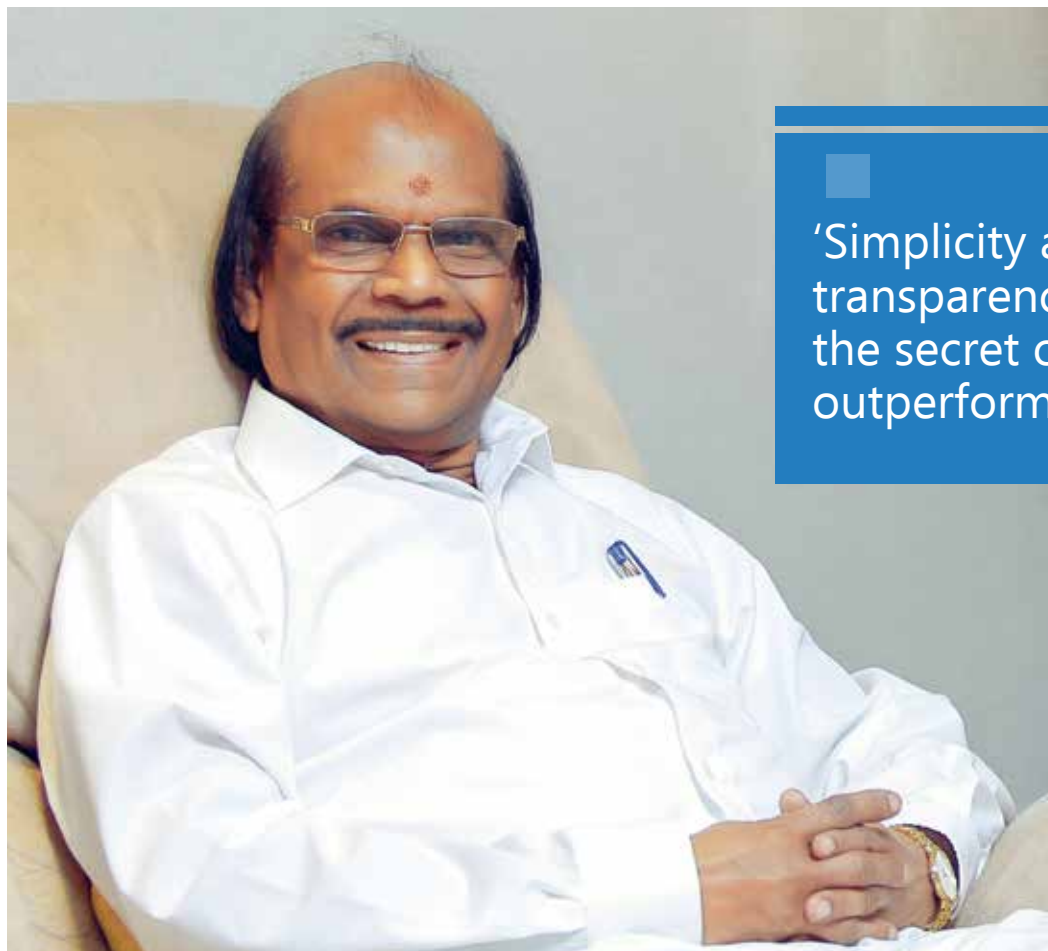


### Revenues

from top six power brands increased 7.2% for the whole year



# A message from the Chairman and Managing Director



'Simplicity and transparency is the secret of our outperformance'

## Dear Shareholders,

Every year brings its own challenges as well as opportunities. The policy of JLL is to respond with innovation and differentiation of its products and services.

It is often said 'When you want one year of prosperity, grow grain; but, if you want a hundred years of prosperity, groom people'. And so, we have done. Taking an unconventional approach, we built an organisational culture centred around the strong values that bind JLL's family and yet have an air of professionalism. If I were to describe the Company, I would rather put it this way – we are a family of professionals who respect and value each other. It is this simple philosophy of family values, where we respect, value and empower our people, that is the secret of our sustainable outperformance and not any management jargon.

It is a result of this culture that even in an ever-evolving and challenging market scenario, where the entire FMCG industry's performance was impacted, we continued to move northwards. The year, initially, began on a tough note. The fading impact of demonetisation and cautious approach taken by trade channels ahead of Goods and Services Tax (GST) implementation affected our sales and profitability. But we recovered rather swiftly and recorded strong quarter-on-quarter growth.

Again, it was not any big managerial strategies that made the difference. Rather, it was the simple efforts by our people. When GST was implemented, not only were we prepared, but we also actively pursued with all partners to go formal and worked closely with them, hand-holding them throughout. Within a short span, we were able to successfully realign and formalise the entire supply chain ecosystem.

We undertook various brand-building initiatives as well. Fresh campaigns and innovations were carried out for various brands, resulting in a rebound in their demand. Two new products, T-Shine (presently only in Kerala) and Maxo Genius, were launched. We also commenced production at three state-of-the-art factories at Guwahati, Assam. Supporting the cause of Central and State Governments, these units will attract fiscal benefits.

### **Dedicated to nation-building**

"India is not Calcutta and Bombay; India lives in her seven hundred thousand villages." Though Mahatma Gandhi said this several decades ago, this is still very much true. Since 70% of India lives in the villages, rural empowerment is the need of the hour. To make this happen, we ensured all our factories are in the rural areas of various states. We employ rural families; especially women because it is only through tapping these resources that India can embark on the next phase of growth. Besides, in contrast to what men do, women put nearly all their earnings into the welfare of the families, facilitating children's nutrition and education for a better life.

These convictions and insights have translated into a focussed decision: we recruit rural folks and women wherever possible because it would be good for society and our business. We ensure that there is no child labour engaged in our organisation.

### **Being environmentally sustainable**

We believe that the environment belongs to every living creature on the Earth. Nobody has the right to pollute the air, water, and soil. Focussed on this, we built a culture where people are motivated to take care of nature. We ensure that our products are sustainable by using environmentally benign raw materials in production. We have taken measures to ensure that no pollution emanates from our factories.

### **Gaining consumer trust**

We gain consumer trust by providing them with quality products, which meet their needs. For stringent quality control, we ensure that 90% of our products are manufactured at our state-of-the-art facilities. Consumer need and gap identification is one area where we really score. This is made possible by our robust marketing team and local feet-on-street team, who have close relations with the entire

value chain down to the consumer level. Insights from them are leveraged to develop these efficient and cost-effective products.

### **Research and development**

We lay importance on developing unique products. Besides, we ensure that our products are eco-friendly, safe and give a cherished experience to the consumer. Take, for example, our unique toilet cleaning product, T-Shine, that comes only with organic compounds, has a superior germ-killing capacity and provides safe stain-resistant surface shining. Another great example would be the launch of Crisp & Shine post-wash fabric care product, with which we created an entirely new segment in India.

### **Corporate Social Responsibility**

We undertake our CSR activities in three key areas: providing free housing; education; and employment training to underprivileged sections of our society. We undertake these activities directly to ensure maximum efficacy of our programmes.

### **Outlook**

Going forward, we see tremendous opportunities ahead to serve the evolving needs and aspirations of the new generation Indian consumer. We will keep making better products to ensure formidable growth, keeping in mind the interest of all our stakeholders, who have consistently reposed their trust in us.

Troughs and peaks are natural, not to fret about, but at Jyothy, the mean graph will always go upwards. I thank all of you for your support.

Warm regards,

**M. P. Ramachandran**  
Chairman & Managing Director

# Q&A with Joint Managing Director and CFO

**Insight from Ullas Kamath** on how Jyothy Laboratories overcame challenges and converted adversity into an opportunity.

**Q:** How would you describe the Company culture?

**A:** JLL provides that platform of growth to prosper and serve. Our ultimate goal is of serving the people and the country – with superior products that are different, have distinct value propositions and make a tangible difference to their lives. And it is this goal that each employee is aligned to. As a consequence, a happy and caring culture at work not only improves employee well-being and productivity but also propels them to higher goals – beyond self, beyond organisation, to provide service that makes a difference to people's lives.

**Q:** How would you review the Company's performance during the year gone by?

**A:** I would say that our performance in 2017-18 can be divided into two distinct halves. Demonetisation and Goods and Services Tax (GST) impacted demand, and initially, in the first quarter, we faced challenges in growth. Recovering from this, we finally ended the year with positive numbers, which is something remarkable. Our revenues grew by 6.5% based on GST comparable sales and EBITDA grew by 5.4%. So, there are a number of right things that we are continuously doing, which is leading to this kind of performance.

**Q:** How do the theme for the year – people, passion, and performance – link with your overall business? How do you engage employees?

**A:** People are at the core of our business. This is an FMCG company, so People are an integral part of the 5 Ps, the rest being Product, Price, Place and Promotion. We don't believe in creating a cut-throat, high-pressure job environment to drive purely financial success. The purpose and goal are fundamentally different. A career at JLL is far more than monetary benefits. Employees feel valued, secured, supported and respected – employee

engagement is not merely on paper.

A positive workplace is not just about a congenial atmosphere but one that amplifies employees' ability, promotes efficiency and ensures that only the best is delivered. One where entrepreneurial drive/spirit of ownership is promoted. With hands-on training, teamwork, and empowerment, the outcome is bound to be superior. The performance metrics are well-defined but the drive to achieve is sparked within.

**Q:** Job creation is a major issue in India, and what role do you play in it?

**A:** JLL has always been at the forefront of job creation. The support that we give to employees to nurture their skills and build a career, our humane approach, focus on employing women and rural population – all this shows that we, as an organisation, are responsible. Individuals from larger companies come and join us because of the sheer fact that this organisation gives a platform for creative freedom, which is guided by knowledge, experience, and insights. Ours is an organisation where work is not about competing; it's about bringing out the innovator and entrepreneur in each employee. I think this is why JLL is really respected as an employer. As we continue to grow, we will focus on creating more jobs, especially for those who need them the most.

**Q:** How do you see the Company after GST implementation?

**A:** I believe that GST is the best thing that could happen to this country, especially to organised players like us. Consider this: even as India becomes the world's fastest-growing major economy; few in the country still operate informally and unproductively. These informal players have high operating costs, but primarily stand advantaged because of tax evasion. GST, with its





‘There are a number of things which we did right, post GST, which helped us grow QoQ’

inherent nature of preventing tax evasion, will cut short this advantage and make the entire industry a level playing field and the best will stand benefited. With our research-driven and quality products, distribution network and brand equity, we will be in a position to strengthen our market share.

The other part is, it will considerably improve logistics efficiency. Today, India loses nearly 14% of its GDP because of inefficient logistics, a figure that is considerably higher than in most countries. With GST’s ‘one nation one tax’, all this is changing. The number of octroi checkpoints has declined and interstate goods movement has become easier. This has enabled us to enhance supply chain efficiency. Besides, it will also open up opportunities for rationalising operations. The positive impact of GST is partly reflected in India’s strong jump of 30 positions, to the 100th spot, in the World Bank’s ease of doing business rankings for 2018. This goes on to show that global agencies are upbeat about India’s business scenario.

**Q:** What are your take on the India growth story and its impact on your business?

**A:** It is obvious that India is the place where the world wants to be. A fast-growing economy consistently recording 7%+ GDP growth, with 1.34 billion people having 27.9 years of median age and household savings rate of 30% of the GDP, India is the market that no one can afford to ignore. With GST coming in and its complexities taken care of, the entire country is one big market. Our products are very much relevant to this market and we expect tremendous opportunities going forward.

**Q:** What is the outlook for the Company?

**A:** I believe that with our strong portfolio, highly committed people, and innovative capabilities, we have all the right triggers. All our brands have good connect with consumers and are performing well. Our distribution network is very efficient. Besides, we are now well past the initial apprehensions regarding GST and the pent-up demand is making way for strong rebound in sales. I am confident the future holds good things for us.

## Product development insights from CMO and Executive Director, Jyothy M R



Consumer needs are constantly evolving. There is no certainty if a brand that is now popular will remain so next year. Such are the desires and expectations of today's consumers that we remain constantly on our toes to understand and fulfil the need-gaps and are motivated to keep the innovations coming.



If you look at the history of **Jyothy Laboratories Limited**, you will come across many instances where we have gone beyond market understanding to deliver something that stands out. Be it, say, as big a thing as launching a blue-coloured fabric whitener, Ujala, to give the brightest white clothes, or a simple stand to keep a mosquito repellent card fixed at one place, this Company has always been about innovation and differentiation, backed by solid market research.

### **New product innovation**

Continuing with our trend of launching innovative products, we introduced a unique organic toilet cleaning product, T-Shine, which is formulated without using any harmful acids. Regular inhalation of toilet cleaners made from harmful acids can be a health hazard, and the acid can permanently stain the toilet surface due to its highly corrosive nature. T-Shine is an organic toilet cleaner with strong germ-killing action. It is safe to use and keeps the toilet's surface shine intact. In a short time, the product has gained 3.9% market share in Kerala (as per AC Nielsen) signifying an impressive success.

### Reinforcing brands

We undertook to restage of various brands with new campaigns during the year to better communicate their USP to consumers and reinforce sales. The initiative was successful and resulted in sales growth post-launch. Our new brand campaign initiatives and their impact during the year are as follows:

#### Exo Dishwash Bar

The new campaign, starring brand ambassador Shilpa Shetty, identifies the hazard of not cleaning utensils properly. It reveals a research finding that between an estimated 19 minutes of putting a post-meal plate in the sink and washing it, the bacteria count multiplies 700-fold, enhancing sink contamination and kitchen vulnerability. It then highlights the effectiveness of our product in ensuring clean utensils with the promise of enhanced health benefits for the family: 'EXO family. Healthy family'.

**Impact: 20% growth in sales post-launch in October 2017.**

#### Pril Liquid

The new campaign identifies the long-standing complaints of homemakers regarding significant time consumed in post-meal utensil cleaning. Connecting with consumers on an emotional note, the campaign showcases Pril's effectiveness in reducing cleaning time with its enhanced potency, thus giving users more time to spend with family and strengthen relationships.

**Impact: 21% growth in sales post-launch in November 2017.**

#### Exo Bactoscrub

The new campaign identifies the dangers of using ordinary scrubbers, which as per research after long usage have more bacteria in them than found on a toilet seat. Speaking of health benefits, the campaign highlights the antibacterial power of Exo Bactoscrub, which inhibits bacterial growth from food that gets stuck in the scrubber material and hence results in 94.2% less malodour.

**Impact: 23% growth in sales post-launch in November 2017.**

#### Ujala Supreme, Ujala IDD, and Ujala Crisp & Shine

New campaigns for these brands reiterate their unique benefits in a meaningful and creative manner. The New Ujala Supreme campaign talks about the difference between ordinary liquid blues and Ujala Supreme. Liquid blues leave behind a blue tint with every wash, which becomes evident after just 10 washes. In contrast, Ujala Supreme makes the whites appear brighter with every single wash. The Ujala Detergent campaign highlights its fast action and effortless removal of dirt. The idea behind Ujala Crisp & Shine's new campaign is based on the insight that the world judges you not just by your achievements but also by your appearance. The new campaign is the extension of the first campaign launched in 2016, building on the brand proposition of 'Power of the Executive Look'.



**Launched in 2018, T-Shine toilet cleaner garnered 3.9% of the market share in Kerala within just four months of the launch**



**Impact: Ujala Supreme is gaining ground, even in markets with traditionally low-volume market share. Ujala IDD became the largest mid-priced brand in Kerala. Ujala Crisp & Shine continues to grow its market size in Kerala and Tamil Nadu.**

#### Margo

We continued with the rebranding initiative started in 2016-17 to promote Margo as a natural product with the goodness of 1,000 neem leaves. In 2017-18, we took this one step ahead by initiating visibility drives, retail engagement drives, innovative point-of-purchase promotions and customer activation initiatives to further strengthen its proposition. This enabled us to attract non-traditional consumers.

**Impact: 26.2% sales growth in 2017-18 and 55% of growth coming from non-traditional markets.**

#### Maxo

In a continuing story of bringing relevant innovations to the consumer, we introduced Maxo Genius, the first smart machine of its kind, which automatically switches modes from Attack (high mode) to Defend (low mode) after a certain time, thus conserving the liquid repellent. This eliminates the bothersome problem of consumers having to manually switch modes between the High and Low, as commonly required by other mosquito repellent machines. Maxo Genius thus offers consumers a combination of superior performance and value through optimal liquid consumption.

#### Going forward

Our efforts to find ways and means to excite consumers across categories, through relevant and value-driven product innovation, will continue to gain momentum. We aim to further consolidate our reputation as one of the top innovative companies across the country.

# Passion is... Unmatched enthusiasm to perform

**People perform at a consistent level of excellence when they are given not just incentives, but also a clear purpose.** A higher purpose that keeps fuelling their passion is one of the strongest driving factors for sustainable growth.



We understand how passionate people drive business performance. And so, we have created a culture that has the best of the spirit and professionalism.

## Transforming lives

We employ the youth and women across India, particularly the hinterlands, to give them an opportunity to transform their lives. This enables us to build a strong connect with people, who in turn remain immensely dedicated and committed to the Company.

**We have a platform to translate innovative and creative ideas on all the 5 Ps:**



We share the core ethos and value system, living the brand promise of doing more and delivering the best.



## DID YOU KNOW?

# 1.

**3 Million units of our products are sold every day.**

# 2.

**Ujala has been an undisputed leader in the fabric whitener segment for 33 straight years. Available in 2.8 million shops, 0.5 million bottles of Ujala Supreme are sold every day, commanding a market share of 80.7%\***

# 3.

**Maxo Coil, a relatively late entrant in the mosquito repellent segment, today commands 21%\* of the market share**



\*Source AC Nielsen (April-March 2017-18)



# Passion is... Pushing the boundaries of innovation

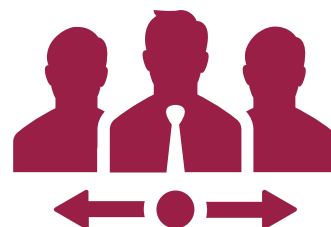
**At JLL, consumers are central to all innovation.** When it comes to any product development, we have a clear focus on improving the consumer experience, with insights gathered directly from them.



Year after year, we develop products and solutions with a compelling value proposition, attracting consumers who switch to our offerings. We ensure that every new development is backed by intensive product and consumer research.

## Knowledge and agility

Along with our marketing teams, we also leverage our solid on-ground team of people, servicing our customers to fine-tune our mixes. This along with the consumer insights gleaned by the marketing teams enables us to take informed product development decisions, supported by our strong research and development team. The ability to identify vital gaps and fulfil consumer needs creates a ready market for us. A lean organisational structure facilitates the faster flow of information and quick decision-making that capture market share.



## DID YOU KNOW?

1.

JLL is No. 2\* in Dishwash Bar and Liquid Category

2.

JLL is No. 2\* in mosquito repellent coil (in volume terms)

3.

Margo, having the power of 1,000 neem leaves, is a heritage brand with a 98 years legacy



\* Source AC Nielsen (April-March 2017-18)

# A legacy of developing unique products and solutions

## Ujala Fabric Whitener



### Insight:

- Powdered Blue created blue patches
- Cumbersome process to get whiteness

### JLL solution:

Developed first-of-its-kind, violet-coloured fabric whitener in liquid form, ensuring the brightest white clothes



## Ujala Crisp & Shine



### Insight:

The need to look smart expressed through one's clothes

### JLL solution:

Developed India's first fabric enhancer with one-of-its-kind Poly FX formula that gives crisp, superior form and shape to clothes for an executive look



## Ujala IDD



### Insight:

Laundry requires a lot of effort

### JLL solution:

Developed a detergent powder with one-of-its-kind 'instant dirt dissolver' technology to dissolve dirt and stains and make laundry process easier and effortless

## Henko LINTelligent



### Insight:

Linting of fabric made clothes dull and reduced their life

### JLL solution:

Developed India's first detergent with fibre lock technology that reduces linting to ensure less fraying, colour protection, better shine and texture and longer fabric life





## Exo Dishwash Bar

### Insight:

- Consumers vulnerable to huge bacterial infestation in post-meal utensils
- Consumers reusing old bacterial infested scrubbers
- Ordinary bars had huge wastage as they broke-off/turned soggy by absorbing water

### JLL solution:

Developed dishwash with anti-bacterial properties and launched a first-of-its-kind round-shaped bar in a plastic container to prevent wastage. Also, offered free scrubber with anti-bacterial properties



## Maxo Magic Card

### Insight:

Ordinary mosquito repellent card, being lightweight, flew away while burning, enhancing the risk of fire

### JLL solution:

Launched mosquito repellent card with a stand to ensure it remains fixed

## Maxo Genius Machine

### Insight:

Consumers forget to switch machine to normal from high power mode, resulting in the faster consumption of liquid

### JLL solution:

Developed a genius machine with Intellichip that can automatically switch from high to normal mode once mosquito infestation declines, to optimise liquid consumption



## Maxo A-Grade Liquid Vapouriser

### Insight:

Consumers troubled with finding the right size of bottles that will fit their machine

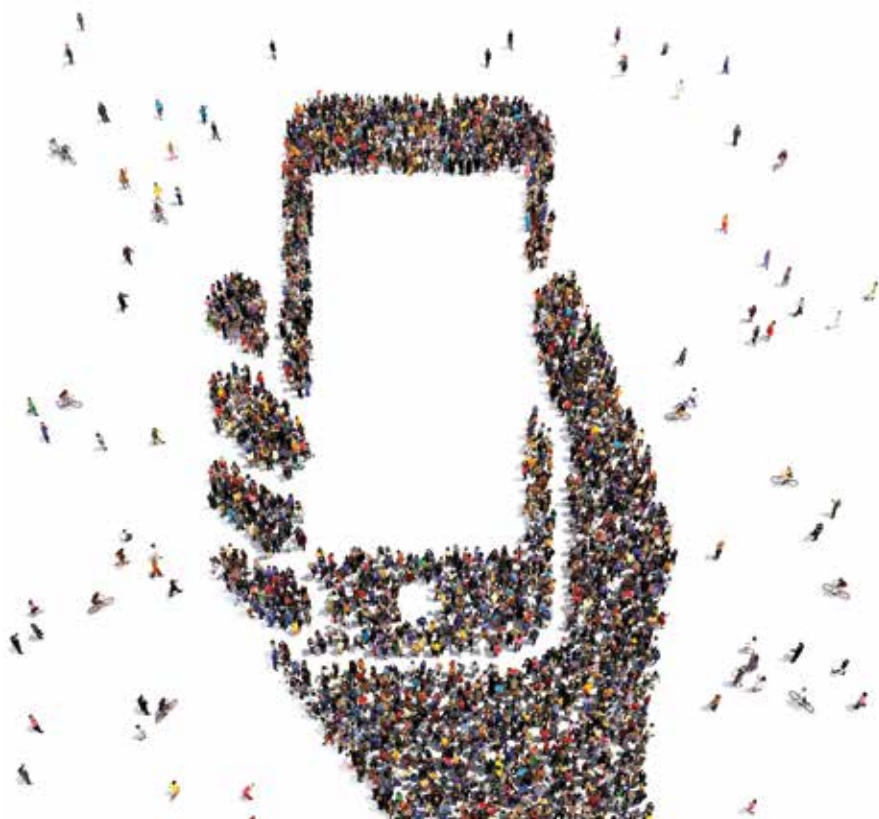
### JLL solution:

Developed a vapouriser bottle that fits all machines



# Passion is... Investing in tomorrow's needs today

**As India goes digital, systems and processes must be integrated** for better operational efficiencies and data analytics must be leveraged for gathering market insights and social media for promoting brands. Big data is redefining business functions.



We recognise the importance of digital technologies and we have been at the forefront of adopting them across all functions of the organisation. While we have undertaken some pioneering initiatives, we continually look for areas of improvement.

## Initiating Project Udaan

Through this project, we initiated our journey of transitioning from the traditional, indigenously developed ERP system to the cutting-edge SAP S/4HANA platform. Undertaking detailed planning and development and extensive training, it was successfully implemented across 25 manufacturing units at 21 locations.





## Systemic automation achieved with SAP S/4HANA implementation

Seamless transition to SAP S/4 HANA platform with zero downtime, complete compliance and within shortest timeframes in India won us the IDC Insight Award for SAP and a case study by SAP

### Advantages of SAP S/4HANA platform



Uses memory computing, making it light and facilitating quicker information retrieval



Smartphone compatible, opening up opportunity to create apps



Tracks larger organisation objectives and goals down to the individual level



Provides superior market insights through data analytics, enabling informed decision-making and enhanced market responsiveness

# Passion is... Striding ahead for the greater good

**A company that puts the consumers' needs first has a much longer life as a market leader than a company that solely eyes profit.** We do not just make products, but we enhance lives, create value, and stand out in a crowd.



As we confidently stride towards a stronger future, it is the bigger purpose of serving the people and the country with our superior products that guide our actions. Our work culture goes way beyond the realms of career and profit-chasing; every employee is aligned with the greater goals of the organisation.

## **Caring culture**

We combine professionalism with the binding values of family, support and respect employees, and promote entrepreneurship to provide a happy and caring culture. This not only improves employee well-being and productivity, but it also propels them to higher goals of going beyond self and organisation to serve the consumers and make a tangible difference to their lives. This ultimately translates into financial performance and customer satisfaction.



## DID YOU KNOW?

JLL's revenue per employee was ₹ 68 Lacs in 2017-18



### What a better future at Jyothy Laboratories Limited means:

- ★ Faster than industry growth
- ★ Superior profitability and low-cyclical
- ★ Robust portfolio of unique, not me-too products
- ★ Sustained market share of products
- ★ Prosperity of employees
- ★ Better ability to identify customer needs and fulfil them

## Passion is... Striving to build a better India

**Rural and women population are the pulse of the nation.** For India to achieve holistic growth, it is important to unleash the strength of these sections. This is what we have been doing for years, from the very beginning.

**Jyothy Laboratories Limited** was among the first companies in India to harness and channel the power of rural and women populations. From opening all our factories in rural areas in India to generating rural employment and engaging women across all functions, we have been dedicated to their empowerment. In our factory, 43% of our employees are women.

### Women employee speak:



"I was among the first six saleswomen recruited by in 1983. My job was to sell Ujala. While this outdoor job could have been delegated to men, I got the opportunity and was adequately supported by the management. Thanks to the Company, I could provide a good education for my children and build a beautiful house. Whatever I am today is because of the Company!"

**- Radha M., Sales Executive (retired),**  
Kerala



"When I joined in 1996 as a Senior Accounts Officer, all four of its women administrative employees were heading departments, which sent out a message: no glass ceilings. JLL recognises the potential of women and that makes all the difference. Not often do you come across a Company named after a woman!"

**- Beena Save, Sr. Manager - Media Services,**  
Mumbai HO



"JLL fuses the warmth of a family with the professionalism of a company. The result is that the same CMD who can discuss targets and efficiency can also be part of the audience when factory employees organise cultural events. The fact that he sits with factory employees for a meal enhances our connect with the Company. This connect helped me grow from Assistant Factory Manager to HR & Accounts Executive!"

**- Minakhi, Executive - HR & Accounts,**  
Guwahati Factory



I joined JLL as a clerk, Today, I work as CMD's Executive Assistant, also managing the CSR portfolio.

**- Geetha P. Nair, Executive Assistant CMD,**  
Mumbai HO

## DID YOU KNOW?

# 37%

of our employees at head office, 43% at factories and 65% at Ujala manufacturing factories are women

# 70%

of our employees has been there for five or more years with the Company



## Powering up the manpower

**In the consumer products industry, motivated and well-equipped employees are the single biggest factor of success.** Our culture of continuous learning builds competencies and encourages personal development.



At Jyothy Laboratories Limited, nobody gets left behind. While we highly appreciate performers, we also work closely with weaker performers to enable them to improve productivity. Every employee gets to think freely and bring out new ideas. We groom employees right from the grassroots level, and we train people for leadership roles.

### **Leveraging infotech**

We are increasingly leveraging digital technologies within the HR function. The online platform JConnect, accessible to employees from anywhere using a mobile device, allows them to perform basic operations with ease. It also lets employees view key statistics and work on areas needing improvement.

### **Focussed on safety**

We have adopted all the necessary safety measures across our plants; the highest standards are adhered to. Besides, we also cover employees and their families through medical insurance.



## Awards and accolades



Janam Global Excellence Award 2018 presented by Janam TV



Business Reliability Award 2017 presented by Reporter Channel



Malayalee Business Achiever Award 2018 presented by Pegasus Group



"The Greatest Marketing Influencers" presented by World Federation of Marketing Professionals



IDC Insights Awards 2017 for excellence in operation



## Sharing our success

**Success at Jyothy Laboratories has always been about “good company, good people, good environment.”** While we remain committed to create growth opportunities for our employees, we ensure that through combined efforts, we contribute to the advancement of society and humankind. We believe in being harmoniously associated with our society, surrounding community and nature.



### **Free housing project for Nayadi Tribal Community**

Nayadi, a hunting tribe from Kerala, are vagabond communities with no belongings and long neglected by society. We committed ourselves to focus on their upliftment. We collaborated with municipal council and built houses for them at the outskirts of Kunnankulam town with all the basic facilities including toilets, electricity, lighting fixtures etc. This will enable them to settle down, improve living conditions and join the mainstream society.



### **Environment**

We believe natural resources are for everyone and nobody has the right to damage them. We have made substantial investments to ensure all our factories have necessary infrastructure to restrict pollution emanation and minimise impact on environment. We also resort to using environmentally-friendly production process and raw materials as much as possible.



# Management Discussion and Analysis



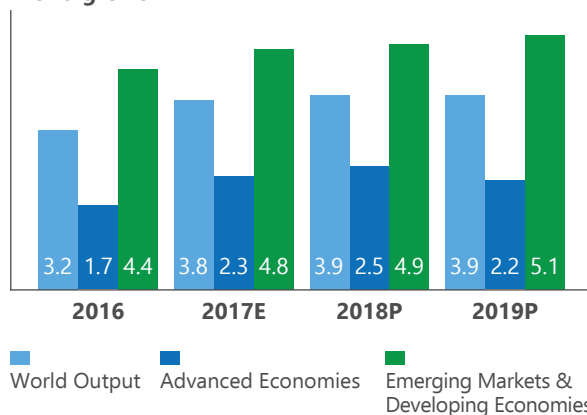
## ECONOMIC SCENARIO

### Global Economy

A remarkable rebound in global trade led to strengthening of world economic growth to 3.8% in 2017 versus 3.2% in 2016. Other factors which contributed to the pick-up include investment recovery in advanced economies, continued strong growth in emerging Asia, upswing in emerging Europe, and signs of recovery in several commodity exporters. Advanced economies witnessed 2.3% growth in 2017 versus 1.7% in 2016 led by a strong pick-up in investment spending. In the United States (US), pick-up in growth was led by strengthening private investment, despite modest real income gains and moderate wage growth. The Euro area growth was broad-based across member countries spurred by policy stimulus and strengthening global demand. Emerging Markets and Developing Economies (EMDEs) witnessed 4.8% growth in 2017 versus 4.4% in 2016, primarily from acceleration in private consumption. Growth in China and India was supported by resurgent net exports and strong private consumption respectively. Aided by strong momentum, favourable market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary fiscal policy in US, global growth is expected to tick up to 3.9% both in 2018 and 2019.

(Source: IMF Global Economic Outlook, April 2018)

World growth



E= estimates; P= projections

Source: IMF World Economic Outlook, April 2018

### Indian Economy

India's global ranking in the World Bank's Ease of Doing Business reached 100<sup>th</sup> rank among 190 countries in 2018 as compared to 130<sup>th</sup> rank in the previous year. This is mainly attributable to Government's impetus on Make in India, investment in infrastructure and smart cities, rising disposable income, efforts to contain inflation, implementation of the Seventh Pay Commission and recovery in exports.



As per the second advanced estimates issued by the Central Statistics Organisation (CSO), India's GDP at constant prices is expected to grow by 6.7% in 2017-18 as compared to 7.1% in 2016-17. This was supported by acceleration in manufacturing, pick-up in capacity utilisation, strong activity in the services sector and robust agricultural harvest. Agriculture, services and industry segments grew at 3%, 8.3% and 4.8% respectively in 2017-18. India's Foreign Exchange Reserves stood at US\$ 424.36 billion for the week ended March 30, 2018, up by US\$ 54 billion as compared to the week ended March 31, 2017. Buoyancy in direct tax collections, which increased 18% in 2017-18, coupled with record divestment proceeds exceeding ₹ 1,00,000 Cr have helped the Government in

containing the fiscal deficit target for 2017-18 to 3.5% of GDP. The Government has targeted to reduce this to 3.3% in 2018-19.

Retail inflation eased to a five-month low in March 2018 to 4.28%, but remained above Reserve Bank of India's (RBI) medium-term target of under 4%. India's monetary policy committee in April 2018 forecasted that overall food inflation is likely to remain under control on the assumption of a normal monsoon and effective supply management by the Government. This in turn is likely to keep retail inflation under control. Whole price inflation was 2.47% in March 2018, lowest since July 2017.

#### Growth in GDP and main sectors

(₹ Crore)

Growth rate in % at Constant (2012) prices	GDP	Agriculture	Industry	Services
2012-13	5.4	1.5	3.3	8.3
2013-14	6.1	5.6	3.8	7.7
2014-15 (3rd RE)	7.2	-0.2	7.0	9.8
2015-16 (2nd RE)	8.1	0.6	9.8	9.6
2016-17 (1st RE)	7.1	6.3	6.8	7.5
2017-18 (2nd AE)	6.4	3.0	4.8	8.3
2018-19*	7.4	NA	NA	NA
2019-20*	7.8	NA	NA	NA

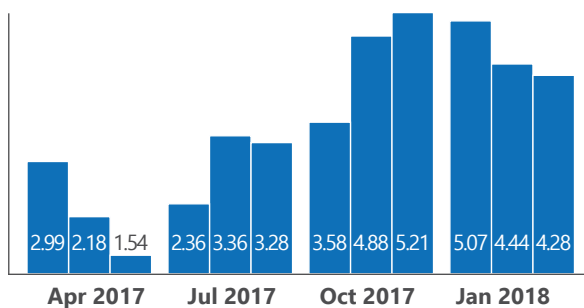
RE= Revised Estimates; AE= Advanced Estimates; \* Projections as per IMF

(Source: Central Statistics Office, IMF)

However, the rise in global crude petroleum and natural gas prices, depreciation of the rupee relative to the US dollar, seen in the beginning of 2018-19, is likely to push inflation up. Low inflationary pressures work in favour of consumption. India witnessed the first normal seasonal showers in 2017 after two successive years of a below-par monsoon. IMD predictions for 2018 monsoon, indicate a normal monsoon season, which would provide an optimal environment for grain production.

### India's Consumer price inflation trend in 2017-18

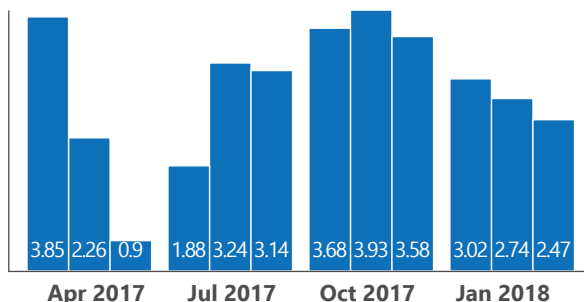
India Inflation Rate



(Source: [www.tradingeconomics.com/india/inflation-cpi](http://www.tradingeconomics.com/india/inflation-cpi))

### India's Wholesale price inflation trend in 2017-18

India Wholesale Price Index Change



(Source: <https://tradingeconomics.com/india/producer-prices-change>)

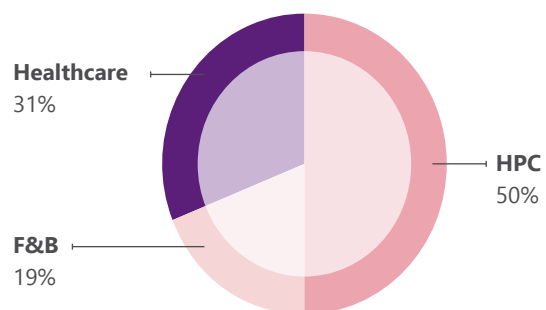
According to IMF, the Indian economy is expected to be the fastest growing major economy in the world with 7.4% growth in 2018-19 and 7.8% in 2019-20. The growth expectations are based on continued implementation of structural reforms that aid productivity and incentivise private investment. The recently surfaced banking frauds, the resultant provisioning and the treasury losses pose a risk to growth. Any rate cut by RBI will lead to lending rate cuts and in turn support growth. According to a Harvard University report, India ranks the best on the criteria termed the Complexity Opportunity Index (COI), which measures how easy it is to redeploy existing knowhow to enter new complex products.

(Source: CSO, IMF, Harvard University report)

### Industry Overview

The fast moving consumer goods (FMCG) market is the fourth largest sector in the Indian economy pegged at US\$ 52.75 billion as in 2017-18. The sector has grown at 10.3% CAGR since 1999-00 when it stood at US\$ 9 billion. Led by favourable macroeconomic factors like strong GDP growth, low inflation, rising disposable incomes, young population, growing urbanisation, rapid industrialisation, etc., the FMCG sector is poised for robust growth in coming years. The sector is likely to touch approximately US\$ 104 billion by 2020 at a 27.86% CAGR. (Source: IBEF)

The sector is divided into three main segments namely – food and beverages (F&B) accounting for 19% of total revenues, healthcare accounting for 31% and household and personal care (HPC) which accounts for the whopping 50% share. HPC is further subdivided into several sub segments including fabric care, skin care, hair care, household insecticides, etc.



(Source: IBEF)

The FMCG market grew at 13.5% in 2017-18 aided by a favourable base following demonetisation, normal monsoon, a slew of Government initiatives, low inflation and strong market sentiment. The robust growth was an indicator of revival in consumption which has followed more than five years of single-digit expansion. Rural consumption, which comprises approximately 45% of total market, grew 9.7% in 2017-18, ahead of the urban market which clocked 8.6% growth. The growth differential has been the highest in the last five years led by good monsoon and increased Government push for infrastructure. Rural consumption had slowed in earlier years due to droughts in 2014 and 2015, demonetisation in 2016 end and implementation of GST in mid 2017.

Crisil expects growth in urban market to remain steady at 8% in 2018-19 while that in rural markets to pick up to 15-16%. The focus on agriculture, MSMEs, education, healthcare, infrastructure and employment under the Union Budget 2018-19 coupled with a normal monsoon forecast is expected to boost rural growth in the coming years.

(Source: <https://economictimes.indiatimes.com/industry/cons-products/fmcg/indian-consumer-products-market-sees-13-5-growth-in-fy18/articleshow/63980595.cms>, <https://www.livemint.com/Industry/bo8pAURICIRnnYqU6gKLJI/Indias-rural-consumption-surges-in-boost-for-FMCG-firms.html>)

FMCG is retailed through two primary sales channels - general trade and modern trade. However, e-commerce is fast catching pace. General trade comprising kirana stores continues to dominate the space, being the largest sales channel for overall FMCG retail sales. Growth of modern trade and e-commerce is gradually outpacing the growth of FMCG products in general trade. Tier II and Tier III cities are contributing significantly to the growth of the modern trade segment.

As per a BCG report, incomes are likely to rise by 70% by 2025; more than 33% of the population is likely to reside in urban areas; household sizes are due to reduce led by nuclearisation which will add about 10 million households by 2020; about a 100 million youth are expected to join the workforce by 2020. Growth in consumption is expected to be driven by these factors of increasing disposable income, rapid urbanisation, growing trend of nuclearisation, and a growing workforce.

#### Key Trends in the Indian FMCG Market



**Growing prevalence for wellness/naturals segment:** As per AC Nielsen, the naturals segment has touched US\$ 2.8 billion, accounting for 41% of total personal care market. As consumers and lifestyles are evolving with increasing focus on fitness, increasing number of

**According to IMF, the Indian economy is expected to be the fastest growing major economy in the world with 7.4% growth in 2018-19 and 7.8% in 2019-20.**

natural products are being offered. This coupled with rise in consumers' spending appetites and awareness, is leading to a speedy growth in naturals segment. AYUSH ministry expects a 3x increase in the market size of ayurvedic products to US\$ 8 billion by 2022. (Source: <http://businessworld.in/article/Wellness-Has-A-New-Meaning-/14-05-2018-149075/>)

**Rapid rise in e-commerce and digitisation:** India has more than 481 million internet users, billion plus digital transactions and 11GB per user per month of average 4G broadband data consumption. Its digital landscape is set to undergo significant change by 2020, with internet users expected to reach 730 million and digital payments to US\$ 500 billion. The digital economy is expected to reach US\$ 1 trillion by 2025. Smartphone penetration rate in India is expected to increase rapidly over the next few years, reaching 66% by the end of fiscal 2022. Rise in smartphone users is directly proportional to growth in consumption via e-commerce. Digitalisation is a positive boost for India's economy and will work in favour of increasing consumption. It is estimated that 40% of FMCG purchases will be online by 2020, making it a US\$ 5-6 billion market.

(Source: <https://economictimes.indiatimes.com/tech/internet/internet-users-in-india-expected-to-reach-500-million-by-june-iamai/articleshow/63000198.cms>, <https://www.livemint.com/Industry/faVYL8TDKPyh1iO5HoAYFM/Digital-transactions-cross-1-billion-mark-in-December.html>, <https://economictimes.indiatimes.com/tech/internet/average-mobile-data-usage-at-11gb-a-month-nokia/articleshow/63032695.cms>, BCG)

**Rural market focus:** Led by higher minimum support prices for crops, more non-agriculture employment, rural electrification drive, Government's push to double farmers' income by 2022 and expectations of a normal



monsoon, the rural market is poised for a robust growth in the coming years. Growing awareness, easier access and changing lifestyles are fuelling growth for FMCG in the rural markets. Companies are expected to launch innovative products for the rural market and tap the likely growth in consumption.

**Significant improvement in logistics:** Abolition of checkpoints has led to substantial reduction in logistics costs and has streamlined the supply chain process with significant reduction in transportation time and spoilage cost.

**Rising organised share:** Led by GST, Indian economy is rapidly formalising with prevalent changes seen in the FMCG space. The reduction in price gap as unorganised players come within the purview of GST, works in favour of the organised players. Organised players are increasing

focus on R&D, quality and product differentiation to gain an edge over unorganised players.

**Premiumisation:** With evolving tastes, preferences and rise in disposable incomes, consumers' perception of value for money has evolved resulting in increased willingness to pay higher for products with value-added features. This in turn has prompted companies to upgrade their products and renovate them with new features suited for advanced needs. Premiumisation earns higher margins for the companies.

**Increasing width and depth of penetration:** Given the low penetration of most FMCG products especially in the rural markets, companies are constantly striving to expand their reach both through direct and indirect routes. The companies spread presence to newer geographies and also introduce new products in the existing markets.



Mosquito Repellent LV Plant

#### SWOT analysis

##### STRENGTH

- Consumption-driven economy
- Major brands present
- Low operations cost
- Availability of skilled labour
- Vast distribution network

##### WEAKNESS

- Unorganised market
- Low penetration levels
- Low entry barriers

##### OPPORTUNITIES

- Rising e-commerce
- Untapped rural market
- Huge population still under-served
- Rapid urbanisation
- Rising working population with women workforce

##### THREATS

- Rural slowdown
- Tightening regulatory framework
- Changes in regulations



## GROWTH DRIVERS

**Government initiatives:** Make in India, Skill India, Digital India, Startup India, Smart Cities Mission, Direct Benefit Transfer and similar initiatives are giving impetus to increase in both consumption and production. Special focus is also being laid on improving the growth in micro, small and medium enterprises through easier access to credit, capital and infrastructure. This bodes well for the growth of FMCG industry.

**Rising disposable income:** Disposable income in rural India has increased due to the direct cash transfer scheme, normal monsoon, better MSP rates and higher infrastructure spending. Total rural income, currently pegged at around US\$ 572 billion, is projected to reach US\$ 1.8 trillion by 2020-21. India's rural per capita disposable income is estimated to increase at a CAGR of 4.4% to US\$ 631 billion by 2020. This will act as a major boost for rural consumption. (Source: IBEF)

**Growth in middle class:** The Indian middle class is expected to rise to 550 million by 2025 and this rise of young Indian middle class worker will lead to an increase in consumption.  
(Source: Invest in India 2018, April issue)

**Rising consumption:** It is a young country, as nearly 65% of its population is younger than 35. It has an opportunity to drive economic growth on the back of its rising working-age population (those aged 15-64) which is likely to cross the 1 billion mark by 2030. These factors work in favour of rising consumption.

**E-commerce:** FMCG growth over the next 3-4 years through the online channel is expected to increase. The Boston Consulting Group, India expects digital channel influencing sales worth US\$ 45 billion in the broader FMCG market.

(Source: <https://timesofindia.indiatimes.com/trend-tracking/fmcg-e-commerce-market-expected-to-touch-5-6-billion-by-2020-google-bcg-report/articleshow/60862563.cms>)

## OUTLOOK

Favourable monsoon, government initiatives, healthy economic growth, evolving demographic profiles, increasing disposable incomes, changing consumer tastes and preferences will support growth in the sector. As per AC Nielsen, the FMCG sector is poised to grow at a healthy double digit over the next few years. India's FMCG market is predicted at approximately US\$ 104 billion by 2020.

Rural growth is likely to be a major contributor to growth in the FMCG sector in the coming years. With a rise in income levels and increased demand for branded products, the rural market remains an untapped reality. Increased thrust on industrialisation and government initiatives to improve the rural belt, provides an apt platform for growth in rural consumption.

(Source: <https://scroll.in/article/880006/indias-b-school-graduates-increasingly-want-to-work-for-fmcg-companies-finds-a-survey>)

## Company Overview

Jyothy Laboratories Limited (hereafter referred to as the 'Company' or 'JLL') was founded by Mr. MP Ramachandran in Thrissur, Kerala in 1983. The Company has witnessed transformation from humble beginnings starting with ₹ 5,000, manufacturing a single product and selling in a single district to becoming a multi-brand, multi-product company with pan-India operations. In 2011, the Company forayed in the premium consumer segment with the acquisition of Henkel India.

The Company is successfully working on its vision to create an impact by touching people's lives. The Company has emerged as one of the leading FMCG companies in the country with leading products in fabric care, dishwash, household insecticide, personal care, and laundry services. The Company has created various power brands in different market segments – Ujala, Exo, Maxo, Henko, Margo, Pril. The success of the Company is based on strong focus on R&D, understanding the pulse of the consumer and delivering high quality products at reasonable price. The Company constantly strives to reach untapped markets, create innovative products and cater to the needs of the today's consumers.

## Focus on Innovation

Product and process innovation are at the centre of the Company's approach to growth. The Company focusses on developing new products and improving existing ones based on evolving needs of consumers. Process innovation is mainly aimed at adopting new techniques and mechanisms to enhance productivity and operate at optimal costs. This helps the Company's intent to deliver value for money products.

## R&D initiatives

R&D is one of the greatest strengths of the Company enabling it to achieve product differentiation and hence offer better value to the customer. The Company has two advanced in-house R&D facility. The product development is centred around identifying key challenges in consumers' daily life and gaps in existing products to meet the evolving needs.

Some of the recent R&D initiatives of the Company include – developing a Maxo Genius machine which runs at full power mode when switched on and automatically transitions to normal mode when mosquito infestation is under control; T-shine, India's first organic toilet cleaner which offers great shine without leaving stains on the toilet surface and does not have harmful toxins.

### Thrust on Sustainable Growth

The Company has successfully transitioned from being a regional south India based player to a national brand with market leading products across different FMCG categories. With its 25 Manufacturing Plants at 21 locations (three recently commissioned) across various states and an extensive pan-India distribution network comprising 1,700 stockists and 1,500 sub-stockists, the Company caters to pan-India demand in timely and cost-effective manner.

The Company continuously engages in impactful marketing and brand promotion activities to create strong brand equity. It believes in constantly delighting consumers with its brands. Investing in advertising and promotional activities has helped the Company rapidly expand its footprint and today it enjoys a strong franchise with consumer across the country.

In 2017-18, the Company worked in unison with suppliers, channel partners to ensure GST readiness in record time. The Company is now fully GST compliant in all respects.

The Company is working to further improve its reach in rural markets through:

- Expanding reach where required
- Enhancing coverage by way of superior availability and visibility of brands
- Reconfiguring systems to enhance service in these outlets
- Building strong customer relationships

The Company endeavours to achieve ahead of market growth across categories. Future growth plan is built around robust new product pipeline and targeted

advertising and promotion (A&P) to rope in new users, undertake strategic brand launches, and focus on brand extensions.

### Human Resources

Intellectual capital is one of the key pillars of the Company growth which ensures business sustainability. HR policies are designed to provide a safe, conducive and productive work environment. Systems nurture a work culture that leads to employee satisfaction, persistent motivation, and high retention rate. Comprehensive and well-structured policies ensure timely skill upgradation ensuring employee growth both at personal and professional levels helping to align individual goals with that of the Company. The policies promote open door policy and transparent communication with 'all for one, one for all' philosophy.

The Company provides performance-based incentives and promotions through its well-defined KRAs, which are aligned to organisational goals. In case processes are automated, the Company undertakes rigorous employee skill development programmes and assign suitable roles to avoid redundancy. Further, it arranges for various internal and external training programmes across functions to enhance employee skills and workplace productivity.

As the Company increasingly focusses on digitalising process within the HR function, it continues to enhance and upgrade its JConnect platform, an online employee portal and Mobile App for both Android and IOS. The portal can be accessed on mobile by employees from anywhere and facilitates in digitalising various process, while at the same time promoting employee engagement.

The Company lays strong emphasis on Accountability, Integrity, Commitment, Initiative and Positive Attitude across business verticals throughout the organisation. The Company encourages implementation of highest levels of professional ethics and personal decorum. Strict adherence to deadlines, compliance with standards and high levels of customer service are integral part of business operations.



**The Company continuously engages in impactful marketing and brand promotion activities to create strong brand equity. It believes in constantly delighting consumers with its brands.**

As on March 31, 2018, the Company had 1,000 permanent sales personnel, servicing 1.0 million retail outlets directly across India ensuring uninterrupted supply.

#### Information Technology Systems

The Company has in place robust IT infrastructure which ensures minimisation of errors/duplication, helps to enhance productivity and work efficiency, strengthen business relationships and manage an extensive business network (3,200+ stockists/sub stockists managed through 32 CFA locations). The IT system also ensures prudent inventory management and minimal internal administrative delays.

#### The Company's robust IT infrastructure includes:

- SAP S/4HANA business suite, which was operationalised in April 2017 and covers all critical business processes, distribution centres and warehouses. This platform has enabled the integration of functions across various business lines, reduced number of transactions by streamlining operations, and facilitates business insights across functions and roles. The successful seamless implementation of the suite with zero downtime, complete compliance and in short timeframe has also been covered as a Case Study by SAP
- SAP BI/BO has been enabled to drive analytics and the same is planned to be leveraged going forward for various kind of Analytics
- 'Connect' 3P Suite is operating in full capacity providing daily reports on production, ensuring despatch compliance and capturing third-party costing

- 'JConnect', employee portal that enables quick dissemination and sharing information, policies, processes and HR procedures. The self-service platform enables the employee to update personnel records, book leave, download Payslips and Form 16, etc. The portal has successfully eliminated human intervention and unnecessary delays
- 'Aadhaar', Secondary sales portal has been implemented at all Super stockist point and plan is to cover all major Distributor towns by 2018-19

#### FINANCIAL PERFORMANCE

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended. The financial statements have been prepared on a historical cost basis, except for certain financial assets which have been measured at fair value.

#### Review of 2017-18 (On Consolidated Basis)

Net Revenue from operations registered a 0.8% growth (6.5% growth on GST adjusted sales of 2017) at ₹ 1,763.8 Cr in 2017-18, as against net sales of ₹ 1,749.2 Cr in previous fiscal. The following table indicates the segment revenue for the period of 2017-18 as compared to 2016-17:

#### Cost of Goods Sold (COGS)

The Cost of Goods Sold of the Company decreased 7% to ₹ 893.2 Cr in 2017-18 from ₹ 960.3 Cr in 2016-17.

#### Advertisement and Sales Promotion

Advertisement and promotion expense increased 38.9% to ₹ 164.6 Cr in 2017-18 from ₹ 118.5 Cr in 2016-17. As a percentage to net sales, advertisement and promotion costs stood at 9.3% in 2017-18 as compared to 6.8% in 2016-17.

#### Margins

EBITDA margin grew by 70 basis points to 15.4% in 2017-18 from 14.7% in 2016-17, led by healthy sales mix. PAT stood at ₹ 178.9 Cr in 2017-18 as against ₹ 204.2 Cr in 2016-17. Decrease in PAT mainly on account of reversal of tax of ₹ 65 Cr on set-off of losses in the previous year. As a percentage to net sales, PAT margin decreased to 10.1% in 2017-18 as compared to 11.7% in 2016-17.

#### Own Funds

The networth of the Company increased by 5.1% to ₹ 1,144.2 Cr as on March 31, 2018 from ₹ 1,089.0 Cr as on March 31, 2017. Return on net worth reduced to 15.6% in 2017-18 as against 18.7% in 2016-17.

**Loan Funds**

Loan Funds for the Company stood at ₹ 542.3 Cr as on March 31, 2018 as against ₹ 496.5 Cr as on March 31, 2017.

**Net Block**

Net Block for the Company stood at ₹ 1,090.7 Cr as on March 31, 2018 as against ₹ 1,097.0 Cr as on March 31, 2017.

**Net Working Capital**

Net Working Capital for the Company stood at ₹ 140.4 Cr as on March 31, 2018 as against ₹ 99.7 Cr as on March 31, 2017.

**Dividend**

The Board of Directors has also recommended dividend of Re 0.5 per equity share of Re 1 each for the financial year 2017-18 on the proposed expanded capital base (on account of bonus issue).

**Sustainability Practices**

The Company is cognizant of the importance of the environment it operates in and is committed to show

its obligation to the community by contributing to community growth through financial support. The Company is well aware of the importance of various stakeholders, employees, suppliers, business partners and society at large. In its efforts to make prosperity scalable and sustainable, the Company uses its profits towards betterment of the people. Apart from using its profits to grow the business, the Company undertakes CSR initiatives to align business interests with that of the society. To contribute to the environmental footprint in whatever small way that it can, the Company is committed to source raw materials sustainably.

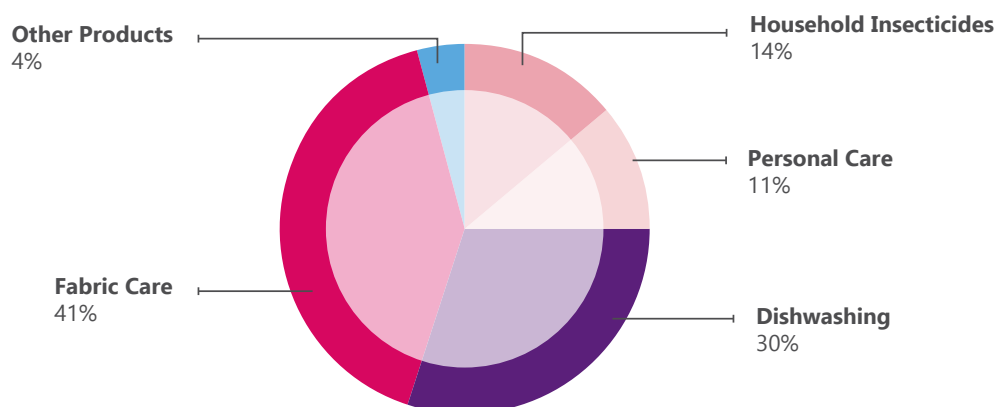
**Risk Identification and Mitigation**

Risk is an integral part of the business continuity. The Company faces risk from both internal as well as external factors. The Company is cognizant of the volatile nature of the business environment. It has in place robust processes for identifying risks and adopting adequate risk mitigating factors to ensure smooth functioning of business.

Risks	Risk Mitigation
<b>Economic risk:</b> The performance of the Company is dependent on robust consumption which in turn is dependent on high economic growth.	The Company has a wide variety of products which cater to the everyday needs of the consumers ensuring steady flow. Since the product portfolio caters to different geographies and diverse categories, risk is further diversified in case of any undesired economic developments in a particular region. India's strong footing in the global map strengthened by a slew of Government initiatives further ensures minimal risks from economic factors.
<b>Compliance risk:</b> It is imperative for the Company to adhere to regulations for smooth functioning of operations.	<b>Mitigation:</b> The Company's robust internal control system is designed keeping in mind the size and complexity of the business operations. It ensures strict adherence to all statutory rules and regulations with timely corrections if required.
<b>Supply chain risk:</b> Any disruption in supply of material may adversely impact production. Also irregularity in making products available at the distributors may impact sales.	The Company has strong, long-term relationships with its distributors. The Company uses advanced information technology software to forecast demand and accordingly manages the entire supply chain. The Company's systems and processes enable smooth flow right from raw material procurement to manufacturing to distribution. The Company efficiently utilises its working capital with optimum inventory levels and resource utilisation. The Company's transport module for service level improvement focuses on channel-wise service which minimises the risk of stock outs.

Risks	Risk Mitigation
<b>Raw material risk:</b> The Company's profitability may be adversely impacted in case it is unable to source raw materials sustainably and at competitive prices.	The Company has long-lasting relationships with most suppliers ensuring uninterrupted supply at competitive rates. The Company closely monitors raw material price movement and market changes pertaining to supply. This helps the Company to plan raw material procurement in an effective manner further strengthened by the strong vendor management skills of its employees.
<b>Competition risk:</b> Given the lucrative growth opportunity in the FMCG sector, competitive intensity is high from both existing players and new entrants.	The Company enjoys strong brand equity given the high quality standards it adheres to and competitive rates it offers to the consumers. Attractive and extensive advertising and promotion ensures a strong brand recall thereby strengthening the position of the Company. The Company consistently undertakes R&D to improve its products and launch new ones to remain relevant to the evolving consumer needs.
<b>Human resources:</b> Human capital being a key pillar of growth, high attrition may adversely impact the normal functioning of the business operations.	The Company ensures a motivational and satisfactory work environment. Periodical training and skill upgradation makes way for smooth progression of all employees. The Company constantly strives to align employee's personal and professional goals. These efforts help to minimize attrition rates. Also, the Company encourages new talent acquisition to upgrade talent pool.
<b>Seasonal risk:</b> Unexpected seasonal changes may adversely affect the sale of products.	Diversified nature of the portfolio with little dependence on seasonal changes insulates the Company from risk arising from unexpected variations in nature.

## Business Segment Review





## FABRIC CARE SEGMENT

**Brands:** Ujala, Henko, Mr. White, Chek, More Light

**Revenues, 2017-18:** ₹ 723.1 Cr

**New products launched, 2017-18:** Ujala fast wash laundry soap

**GST comparable Revenue growth, 2017-18:** 4%



### Overview

The Company's flagship brand – Ujala is available across fabric whitener, detergent powder and fabric enhancer categories. With its unique selling proposition (USP) providing the most effective solution for removing yellowness and giving the brightest white colour to clothes. Ujala Supreme Fabric Whitener is the undisputed market leader.

Ujala detergent powder in the state of Kerala is the second largest brand in the washing powder category. Its USP is that it provides 'Effortless Cleaning with Instant Dirt Dissolvers'.

Ujala Crisp & Shine is the post wash fabric enhancer. It is a prominent brand in Kerala and Tamil Nadu. Its USP is that it imparts the perfect executive look with the required crispness, superior form and shape to clothes. The proposition of the brand 'Get the Power of the Executive Look' is derived from its unique product attribute.

Henko of being the first detergent in the category that comes with Nano Fibre Lock Technology to provide an answer to the issue pertaining to lint (fraying of clothes) and retaining the shine of the fabric.

### Portfolio:

- Ujala Supreme - Fabric Whitener
- Ujala Detergent Powder
- Ujala Crisp & Shine - Fabric Enhancer
- Ujala Fast Wash Laundry Soap
- Henko - Bar & Detergent Powder
- Henkomatic - Detergent Powder
- Mr. White - Detergent Powder
- Chek - Bar and Detergent Powder
- More Light - Fabric Whitener & Detergent Powder

### Competitive Advantages

- A market leader, Ujala Supreme Fabric Whitener is known for providing the most brilliant shade of white to clothes. Spreading uniformly and dissolving

## Ujala dominates the fabric whitener segment with 80.7% market share

completely in water, it penetrates the inner fibres of the cloth to deliver brightest white

- Ujala detergent powder leverages its one-of-its-kind 'Instant Dirt Dissolver' technology to dissolve dirt and stains, making the laundry process easy and effortless
- Ujala Crisp & Shine is a post-wash product that maintains the form and finish of clothes and uses one-of-its-kind Poly FX formula. It enhances the shine of clothes, revives it from the harsh effects of the detergent and gives an 'executive look' by imparting freshness, crispness, superior form, brilliant shine and pleasant fragrance
- Henko's unique Nano Fibre Lock technology prevents linting, thereby ensuring longevity of clothes' newness

### Key Highlights, 2017-18

- Ujala Crisp & Shine was launched in Tamil Nadu with Suriya, Tamil movie star, as brand ambassador
- Ujala franchise clocked a 0.8% GST comparable revenue growth led by new campaigns launched in Ujala IDD, Ujala Crisp & Shine and Ujala Supreme fabric whitener
- Ujala Supreme fabric whitener grew market share to 80.7% in the fabric whitener recording a double-digit value growth across Uttarakhand, Uttar Pradesh, Maharashtra, Odisha and North East
- Ujala IDD became the largest brand in the mid-segment category in Kerala with 16.8% market share
- Henko franchise clocked a strong (11.5%) GST comparable revenue growth

### Outlook

- Strengthen dominance of Ujala fabric whitener in the post-wash fabric whitener segment riding on its strong performance quality backed by pan-India presence
- Strengthen the leadership position of Ujala IDD in the mid-priced segment and continue to grow and become the largest detergent brand in Kerala
- Sustain and strengthen the growth momentum of Ujala Crisp & Shine by introducing it to newer geographies and deepening presence in existing ones
- Grow Henko franchise across states building on its unique proposition of 'Fabric Care'

## DISHWASH SEGMENT

**Brands:** EXO, PRIL

**Revenues, 2017-18:** ₹ 529.1 Cr

**GST comparable Revenue growth, 2017-18:** 9%



**Exo dishwash bar with its unique anti-bacterial property commands strong resonance with consumers**

### Overview

The Company has built its forte in the highly competitive dishwash segment based on quality-driven and customer-led product propositions.

The bar market, comprising several small players, is dominated by the top-3 brands which together constitute 72% of the total bar market. Exo dishwash bar rides on its USP of Antibacterial – a very important augmented requirement in this space. The product is formulated with its proprietary 'Touch and Shine' formula that offers ultra-cleaning, extra-shine and hygiene thereby gaining consumer mid share. Exo dishwash bar continues to attract new consumers to switch from competition.

Pril bar was introduced in a solid tub container to minimise melting wastage received immense interest from customers. Powered with active booster granules, it facilitates in removal of extra grease. A pioneer in tamper-proof packing within dishwash category, Pril with its world-class design attracted instant consumer attention.

In the dishwashing liquid subcategory, Pril continues to be a hit with the consumers as its 'Active 2x' molecules make it a superior degreaser. Its instant grease-cutting properties reduces time taken to wash utensils.

### Portfolio

- Exo Bar & Rounds, Exo BactoScrub, Exo Powder and Exo Safai Steel Scrubber
- Pril Liquid, Pril Bar, Pril DuraScrub, Pril Durawipes
- Pril liquid variants include Pril Lime, Pril Kraft
- Pril liquid is also available in pouch and PET bottles

### Competitive Advantages

- Exo enjoys the USP of being the only dishwash bar with antibacterial formula in the market
- Exo Bacto Scrub's USP is its bacto-guard protection which makes it India's first dishwash scrubber to inhibit bacterial growth from food that gets stuck in the scrubber matrix
- Pril is one of the most powerful dishwashing liquid which effectively cuts through grease making the utensils sparkle and saving dishwashing time

### Key Highlights, 2017-18

- Exo bar's market share grew 40 bps to 11.4%, while Pril liquid's market share is currently at 16.4%
- Launched two new campaigns, one each for Exo Bar and Exo Bacto Scrub featuring movie star Shilpa Shetty as the brand ambassador. The campaign focussed on the bar's enhanced health benefits for the family: 'EXO family. Healthy family.' The campaign was highly successful resulting in a double digit growth for Exo Bar and Exo Bacto Scrub
- True to its 'Bartan Chamkein, Rishtein bhi' (utensils will shine, and so will relations) message, a new functional-emotional campaign was launched for Pril highlighting its enhanced effectiveness in reducing cleaning time, leaving users with more time for their family. The campaign was successful, registering good growth for the brand

### Outlook

- Leverage new marketing campaign to strengthen brand image of Exo as a strong anti-bacterial and Pril as a strong de-greaser, to gain traction and strengthen market share

**HOUSEHOLD INSECTICIDE SEGMENT****Brands:** Maxo A Grade & Maxo Genius**Revenues, 2017-18:** ₹ 243.8 Cr**New products launched, 2017-18:** Maxo Mosquito repellent Agarbathi**GST comparable Revenue growth, 2017-18:** -0.2%**Overview**

Amidst intense competition in the household insecticide liquid vapouriser segment, the Company restaged its Liquid Vapouriser with a unique proposition of 'Fits all Machines'. The innovation was the result of in-depth consumer research and derived insights. This differentiated feature enabled the consumers to continue using their previous machines post consumption of the liquid refill.

Maxo Genius machine is an automatic machine that operates with a unique convenience proposition of moving between high mode to low mode, freeing the consumer from manually switching the modes. Consumers have started to prefer this particular machine and this is reflected in the recent sales numbers.

Maxo Genius Magic Card with a unique 'safety stand' is another of the Company's innovative products. The Company's product engagement led to the insight that ordinary mosquito repellent cards were unsafe as absence of holders portended the risk of the card flying after it was lit. Maxo Genius Magic Card was thus innovated with a unique proposition of safety by keeping the lit card fixed when burnt, ensuring the card burns fully and getting rid of mosquitoes quickly with its 3-Minute 'Swift Action Formula'.

Maxo Agarbathi is unique in the market and is made from 100% natural ingredients. Competition in this sub-segment is only from un-organised players at present with many of them using dangerous insecticide that are harmful to the users. Maxo Agarbathi are 100% effective yet completely safe since it is made from natural sources.

**Portfolio**

- Maxo Liquid Vapouriser
- Maxo Liquid Vapouriser Machine
- Maxo Coil
- Maxo Genius Magic Card
- Maxo A-Grade Agarbathi

**We launched the revolutionary Maxo A Grade vapouriser which fits all machines to ensure consumer comfort and the Maxo Genius Magic Card with unique stand to ensure consumer safety**

**Competitive Advantages**

- Maxo Liquid Vapouriser provides consumers the advantage of using it with any machine (except the customised ones)
- Maxo Genius Magic Card ensures users safety with its unique one-of-a-kind safety stand while providing soothing fragrance
- Maxo Genius Machine, powered by Intellichip, automatically shifts from attack (high) mode to defend (low) mode, thereby ensuring effective mosquito control
- Maxo Genius Machine won the 'Product of the Year 2017' under the 'Insect Repellents' category in a survey conducted by AC Nielsen
- Maxo A-Grade Agarbathi is made from 100% natural ingredients and in comparison with unorganised competition which uses a dangerous insecticide, is effective yet safe to use

**Key Highlights, 2017-18**

- Maxo Liquid Vapouriser clocked GST comparable growth of 10.7%
- Sales of Combi Packs grew by 66% led by aggressive drive on Maxo Genius to build household penetration

**Outlook**

- Normal monsoon forecast in 2018-19 works in favour of mosquito repellents demand
- Strengthen brand equity supported by aggressive communication campaigns
- Aim is to increase market share led by focus on innovation and expanding into newer geographies

## PERSONAL CARE SEGMENT

**Brands:** Margo, Neem, Fa

**Revenues, 2017-18:** ₹ 189.9 Cr

**GST comparable Revenue growth, 2017-18:** 23.1%



### Overview

Naturals as a concept is gaining increasing popularity both in India and global markets as consumers are looking out for fundamental solutions in holistic natural sciences for their short and long-term wellness and beauty needs. This has led to growing popularity of personal care products with natural ingredients. In this regard, the Company stands to benefit as it is leveraging its 98-year-old brand Margo. The new Margo, revamped in 2017, offers the 'Goodness of 1,000 neem leaves' with added Vitamin-E for extra moisturising. The product is manufactured using a unique process and is made from 100% original neem. Currently, it is in a strong position to ride the growing demand for natural ingredients-based soaps.

The restage of brand involved change in packaging graphics, new brand communication highlighting 'Goodness of 1,000 neem leaves'; improved formulation and robust brand visibility through electronic and social media. This has resulted in huge success.

### Portfolio

**Brands offering natural goodness:**

- Margo Original Neem
- Margo Active Glycerine with Neem
- Neem Active Toothpaste
- FA Deo, Shaving Cream and Talc

### Competitive Advantages

**Margo Original Neem Soap**

- Endowed with therapeutic benefits and made from 100% original neem
- Provides extra moisturising as it is infused with Vitamin-E

**Margo was rebranded with the proposition of Goodness of 1,000 neem leaves with added Vitamin-E for extra moisturising**

### Margo Active Glycerine

- Unique combination of neem and glycerine
- Base is 98% pure glycerine
- Provides moisturising effect owing to high glycerine content
- Provides deep cleansing owing to neem

### Neem Active Toothpaste

- Neem has been associated with oral hygiene since centuries in India. This unique toothpaste offers complete natural care and is 98% natural

### Key Highlights, 2017-18

- Margo clocked double digit growth (GST comparable) leveraging on naturals wave and brand re-launch. This was supported by six weeks' long above the line campaign across markets, consumer engagement activities in social media, retail visibility drives, innovative point of purchase ideas and consumer activation. This resulted in 55% of sales coming in from non-traditional markets

### Outlook

- Undertake sustained target marketing of Margo to non-traditional markets to grow business
- Focus on South, East and West India markets
- Leverage Margo Original Neem equity and build Margo Active Glycerine consumer base

## LAUNDRY SERVICES SEGMENT

**Market status:** Largest laundry chain in India with over 100 operational units

**Currently operates in:** Bengaluru, Delhi, Mumbai, Pune and Chennai

**Revenues, 2017-18:** ₹ 41 Cr

**Revenue growth, 2017-18:** -7%

### Overview

In August 2008, the Company forayed in the laundry services segment with the launch of Fabric Spa in Bengaluru. The segment which was hitherto dominated by the dhobi culture, was evolving with consumers looking out for sophisticated laundry services. Growing disposable incomes, nuclearisation, widening bachelor pool, scarcity of water and shortage of time outside work schedules are the major growth drivers of the segment.

The Company provides world-class processing through its state-of-the-art laundry centres that are strategically located in industrial parks around five urban metros. The Company also strenuously works to protect the environment by installing water recycling and rainwater harvesting methodologies to recycle and reuse resource.

### Key Highlights, 2017-18

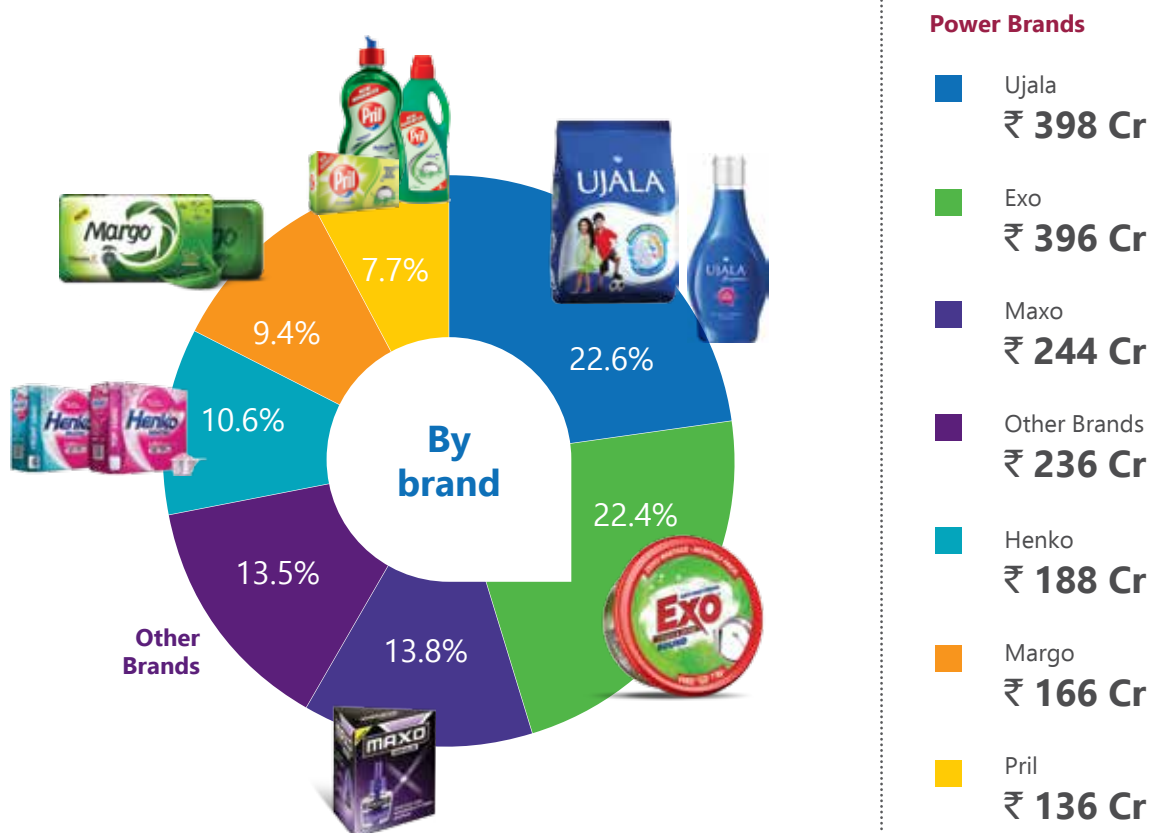
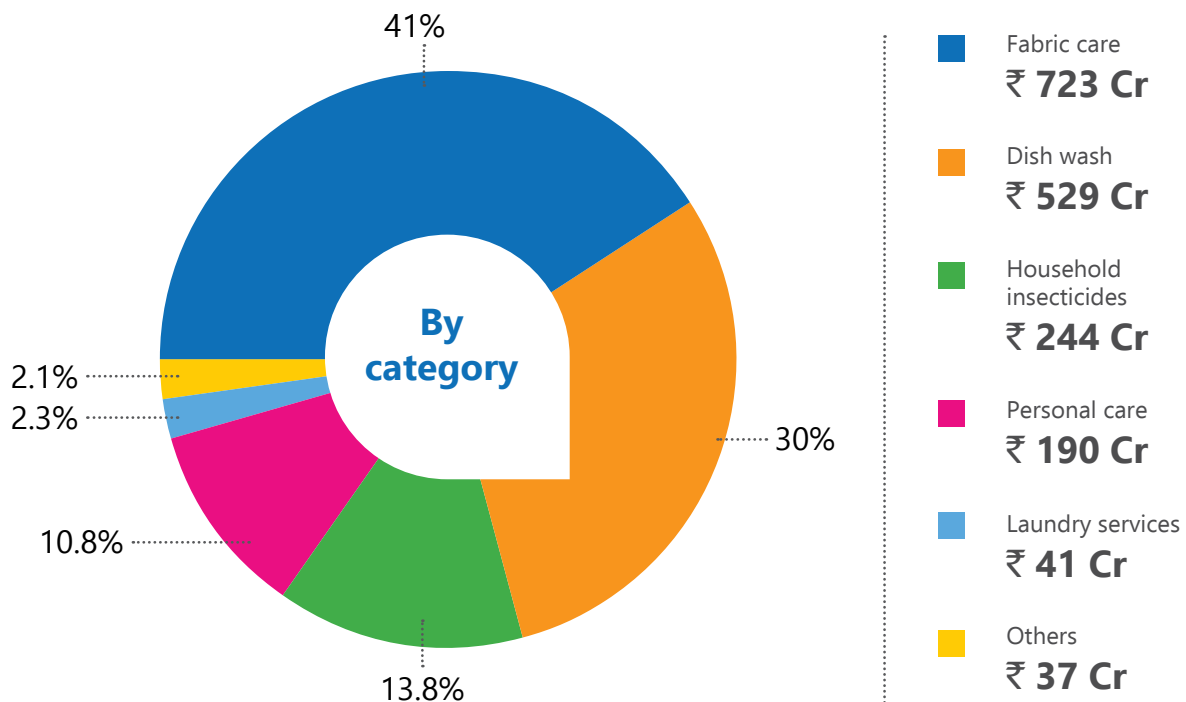
- The business has over 100 operational outlets in key Indian cities
- Invested in analytics to analyse customer's wash cycle frequency, quality of clothes given for washing and the kind of wash needed
- Invested in data-driven marketing campaigns across Bengaluru
- Launched first-ever Fabricspa franchise programme which has about 25 retail partners

### Outlook

The laundry services business holds huge growth potential given rapid urbanisation and high growth in hospitality sector compared to what was witnessed when the Company entered the business. The presence of several new players in the market is testament to growing demand for this service. The Company being the largest and most prominent player with established business is poised to scale new levels. Going forward, the Company is focussed on introducing new outlets through the franchise programme in metro cities and edging over the competition with its service differentiators. The Company also intends to be the largest neighbourhood laundry chain across the five urban metros, where it has existing presence.



## 2017-18 Revenue break-up



# Management and leadership



## **M. P. Ramachandran**

Chairman & Managing Director

He is the driving force behind the Company's progress. With his vision and understanding of the customers' pulse, he has led the Company emerging as a formidable player in the FMCG segment.

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## **K. Ullas Kamath**

Joint Managing Director & CFO

He is a qualified Chartered Accountant, a Company Secretary and has a Degree in Law and Master's degree in Commerce. He completed Advanced Management Programme from Wharton Business School and Harvard Business School at USA and Global Master's in Management Program from London School of Economics. He spearheaded the Company's evolution to a multi-product FMCG Company and was instrumental in setting-up of Fabric Spa and the Henkel (India) acquisition. He won the All India CA Business Achiever Award in the SME category in the ICAI Awards, 2008.

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## **M. R. Jyothy**

Whole Time Director & Chief Marketing Officer

She is a graduate in Commerce and a postgraduate in Management with an additional diploma in Family Managed Business Administration and has completed the Owner / President Management Programme from Harvard University. She contributes significantly to the sales, marketing, and brand communication aspects of the Company. She has been awarded the Emerging Kerala – Entrepreneurship Excellence Award for women and was among the 50 Most Influential Women in Indian Media, Marketing and Advertising list by IMACT for two years in a row.

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**Nileshe Mehta**

Independent Director

He is a qualified Chartered Accountant and a post-graduate from Indian Institute of Management, Ahmedabad. He is the Co-founder and Managing Partner Access India Fund, which invests in mid-market, unlisted opportunities in India. He was the Managing Partner of Aureos Capital from 2005 to 2010. A veteran in the field of private equity and mergers and acquisitions of mid-cap Indian companies, his experience spans various fields in finance including investment banking, private equity to fund-related activities.



**K. P. Padmakumar**

Independent Director

He is a graduate in Agriculture and a Certified Associate of Indian Institute of Bankers (CAIIB). He has over four decades of experience in the field of commercial banking, treasury management, capital markets and mutual funds.



**R. Lakshminarayanan**

Independent Director

He did Master of Science in Industrial Chemistry from Indian Institute of Technology, Delhi and specialisation in Marketing from Indian Institute of Management, Bangalore. He has a string of successes in his career having worked with leading FMCG conglomerates across product categories. He held eminent positions with top-notch advertisement companies in India. He has a keen interest in business strategy, brand equity, media plural communications and brand portfolio management.

# Corporate Information

## DIRECTORS

### Mr. M. P. Ramachandran

Chairman & Managing Director  
(DIN: 00553406)

### Mr. K. Ullas Kamath

Joint Managing Director  
(DIN: 00506681)

### Ms. M. R. Jyothy

Whole-time Director & Chief Marketing Officer  
(DIN: 00571828)

### Mr. Nilesh B. Mehta

Independent Director  
(DIN: 00199071)

### Mr. K. P. Padmakumar

Independent Director  
(DIN: 00023176)

### Mr. R. Lakshminarayanan

Independent Director  
(DIN: 00238887)

## COMPANY SECRETARY

Mr. Shreyas Trivedi  
(Membership No. A12739)

## CHIEF FINANCIAL OFFICER

Mr. Sanjay Agarwal (w.e.f. May 16, 2018)

## STATUTORY AUDITORS

M/s. B S R & Co. LLP  
(Firm Registration No. 101248W/W-100022)

## INTERNAL AUDITORS

M/s. Mahajan & Aibara Chartered Accountants LLP  
(Firm Registration No. 105742W)

## SECRETARIAL AUDITORS

M/s. Rathi & Associates, Company Secretaries  
(Firm Registration Number P1988MH011900)

## COST AUDITORS

M/s. R. Nanabhoy & Co.  
(Firm Registration Number 000010)

## REGISTERED OFFICE

Jyothy Laboratories Limited  
Ujala House, Ramakrishna Mandir Road,  
Kondivita, Off Andheri Kurla Road,  
Andheri East, Mumbai – 400059;  
Telephone: +91-22-66892800;  
Fax: +91-22-66892805;  
Email : info@jyothy.com;  
Website: www.jyothylaboratories.com

## CORPORATE IDENTITY NUMBER (CIN)

L24240MH1992PLC128651

## SECRETARIAL DEPARTMENT

Ujala House, Ramakrishna Mandir Road,  
Kondivita, Off Andheri Kurla Road,  
Andheri East, Mumbai – 400059;  
Telephone: +91-22-66892800;  
Email: secretarial@jyothy.com

## REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited  
U67190MH1999PTC118368  
C 101, 247 Park, L B S Marg,  
Vikhroli (West), Mumbai – 400083;  
Tel.: +91-22-49186000;  
Fax: +91-22-+91-22-49186060;  
Email: rnt.helpdesk@linkintime.co.in

## DEBENTURE TRUSTEE

Axis Trustee Services Limited  
CIN-U74999MH2008PLC182264  
Axis House, 2nd Floor,  
Wadia International Centre,  
Pandurang Budhkar Marg,  
Worli, Mumbai – 400 025  
Phone: 022 - 2425 5225 (D)  
Website: www.axistrustee.com

# Directors' Report

Dear Members,

It is our pleasure to present the 27<sup>th</sup> Annual Report of your Company together with the Audited Financial Statements for the financial year ended March 31, 2018.

## FINANCIAL PERFORMANCE

Your Company's financial performance on standalone basis for the financial year ended March 31, 2018 compared with previous financial year is summarised below:

(₹ in Lacs)

Financial results	Financial Year ended March 31, 2018	Financial Year ended March 31, 2017
<b>Revenue from Operations</b>	1,71,762.19	1,69,815.90
Other Income	2,995.11	1,140.08
<b>Earnings before interest, tax, depreciation, amortization and impairment</b>	<b>27,741.84</b>	<b>26,255.16</b>
Finance Cost/ (Other Income) Net	1,239.64	3,948.83
Depreciation on Tangibles Assets	2,540.64	2,338.36
Amortization of Intangibles Assets	3,118.25	3,135.70
<b>Profit before tax</b>	<b>20,848.03</b>	<b>16,595.97</b>
Provision for tax		
- Current tax	4,227.37	2,645.67
- Adjustment of Tax relating to earlier period	(143.65)	785.27
- Deferred Tax Charge/ (Credit)	710.76	(7,039.47)
<b>Profit after tax</b>	<b>16,053.55</b>	<b>20,204.50</b>
Earning Per Share (Basic) (In ₹)	<b>8.83</b>	<b>11.12</b>
Earning Per Share (Diluted) (In ₹)	<b>8.74</b>	<b>11.12</b>
Dividend Per Share of face value of ₹ 1/- (In ₹)	<b>0.50*</b>	<b>6.00</b>

\*on the expanded capital base (on account of Bonus Issue).

## PERFORMANCE HIGHLIGHTS

The Revenue from operations on standalone basis of your Company for the financial year 2017-18 grew by 1.15% and stood at ₹ 1,71,762.19 Lacs compared to ₹ 1,69,815.90 Lacs in the previous financial year. The profit before tax was at ₹ 20,848.03 Lacs as against ₹ 16,595.97 Lacs in the previous financial year, registering a growth of 25.62%. The net profit for the financial year 2017-18 amounted to ₹ 16,053.55 Lacs.

The consolidated revenue from operations of your Company for the year under review stood at ₹ 1,76,375.13

Lacs as against ₹ 1,74,918.49 Lacs in the previous year, reporting a growth of 0.83%. The consolidated profit before tax was at ₹ 24,073.43 Lacs registering a growth of 34.75% over the consolidated profit before tax of the previous financial year. The consolidated profit after tax for the financial year under review stood at ₹ 17,887.02 Lacs against profit after tax of ₹ 20,415.26 Lacs in the previous financial year, down by 12.38% due to reversal of tax of ₹ 6,500 Lacs on set-off of losses in financial year 2017 (Merger of Jyothy Consumer Products Marketing Limited with your Company).



## DIVIDEND

Your Board is pleased to recommend for your consideration, a dividend of 50 Paise (Paise Fifty only) per equity share of ₹ 1/- each for the financial year 2017-18 on the expanded capital base (on account of Bonus Issue) of your Company. The aforesaid dividend will involve a total payout of ₹ 2,192.62 Lacs (inclusive of tax of ₹ 373.68 Lacs) and is subject to the approval of Members at the ensuing Annual General Meeting of your Company.

During the previous financial year, your Company had paid a total dividend of ₹ 6/- (Rupees Six only) per equity share of ₹ 1/- each for the financial year 2016-17 involving total cash outflow of ₹ 13,120.21 Lacs (inclusive of tax of ₹ 2,219.19 Lacs).

## DIVIDEND DISTRIBUTION POLICY

Your Company has adopted a policy on Dividend Distribution formulated in accordance with Regulation 43A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and the same is annexed to this report as "Annexure – A" and can be accessed from your Company's website at the link:

[http://www.jyothylaboratories.com/admin/docs/DIVIDEND%20DISTRIBUTION%20POLICY\\_JLL\\_FINAL.pdf](http://www.jyothylaboratories.com/admin/docs/DIVIDEND%20DISTRIBUTION%20POLICY_JLL_FINAL.pdf)

## ISSUE OF SHARES

### a) Issue of Bonus Shares

The Board of Directors at their meeting held on May 16, 2018, has recommended issue of Bonus Shares in the ratio of 1:1 i.e. 1 (One) new equity share of ₹ 1/- each for every 1 (One) existing equity share of ₹ 1/- each held by the members as on the record date. Your Company has sought approval of the members by passing Ordinary Resolution through Postal Ballot. The Bonus Shares will be issued, by capitalizing a part of its securities premium account as on March 31, 2018. Post bonus issue, the equity share capital of your Company will stand increased to ₹ 36,35,88,174/- divided into 36,35,88,174 equity shares of ₹ 1/- each.

### b) Issue of Equity Shares with differential rights

During the year under review and to date, your Company has not issued any shares with differential rights, hence no information prescribed under provisions of Section 43(a)(ii) of the Companies Act, 2013 (the Act) read with Rule 4(4) of the Companies (Share Capital & Debentures) Rules, 2014 has been furnished.

### c) Issue of Sweat Equity Shares

During the year under review and to date, your Company has not issued any sweat equity shares. Hence no information as per the provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital & Debentures) Rules, 2014 is furnished.

### d) Issue of Employee Stock Option

During the year under review, your Company in terms of the provisions of Section 62(1)(b) read with Section 39 of the Act has issued and allotted 1,10,363 equity Shares of ₹ 1/- each to eligible employees under "Jyothy Laboratories Employees Stock Option Scheme 2014" (ESOS 2014) respectively and approved by Members of your Company at the 23<sup>rd</sup> Annual General Meeting held on August 13, 2014.

## INCREASE IN SHARE CAPITAL

The Authorised Share Capital of your Company is ₹ 2,72,30,00,000 consisting of: (a) 2,72,00,00,000 equity shares of the face value of ₹ 1/- each and (b) 30,000 11% cumulative redeemable preference shares of the face value of ₹ 100/- each.

Further, after the issue of 1,10,363 Equity Shares under ESOS 2014, the paid up equity share capital of your Company stands increased to ₹ 18,17,94,087/- consisting of 18,17,94,087 equity shares of ₹ 1/- each fully paid-up.

## DEBENTURES

During the year under review, your Company has partly redeemed 4000 Secured Rated Unlisted Redeemable Non-Convertible Debentures (Debentures) having face value of ₹ 10,00,000/- (Rupees Ten Lacs only) each. Accordingly, your Company has made the payment of ₹ 5,00,000 (Rupees Five Lacs only) each on 4,000 Debentures aggregating to ₹ 200 Crores on February 1, 2018 and February 8, 2018. Further, after the end of the financial year and up to the date of this report, your Company has made the balance payment of ₹ 5,00,000 (Rupees Five Lacs only) each on 4,000 Debentures aggregating to ₹ 200 Crores on April 27, 2018, pertaining to the remaining outstanding Debentures and accordingly, your Company has fully redeemed entire 4000 Secured Rated Unlisted Redeemable Non-Convertible Debentures.

## EXTRACT OF ANNUAL RETURN

The Extract of Annual Return as prescribed under Section 92(3) of the Act, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 in prescribed Form MGT-9 is annexed to this report as "Annexure – B".

## NUMBER OF MEETINGS OF THE BOARD

Your Company's Board of Directors met 5 (five) times during the financial year ended March 31, 2018 in accordance with the provisions of the Act and Rules made thereunder.

The dates on which the Board of Directors met during the financial year under review are provided in the Corporate Governance Report.

## AUDIT COMMITTEE

The Audit Committee of your Company consists of all Independent Directors and Mr. K. Ullas Kamath, Joint Managing Director of your Company. The detailed composition of the Audit Committee is provided in the Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board.

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Act, in relation to the Audited Financial Statements of your Company for the financial year ended March 31, 2018, the Board of Directors hereby confirms that:

- a. in the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards read with the requirements set out under Schedule III to the Act, have been followed and there were no material departures from the same;
- b. your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2018 and of the profit of your Company for the year ended on that date;
- c. your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d. your Directors have prepared annual accounts of your Company on a going concern basis;
- e. your Directors have laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and are operating effectively; and

- f. your Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## PERFORMANCE EVALUATION

In accordance with the Act and Regulation 4(2)(f) of the Listing Regulations, your Company has framed a Policy for Evaluation of Performance of Independent Directors, Board, Committees and other Individual Directors which includes criteria for performance evaluation of Non-Executive Directors and Executive Directors. A questionnaire is formulated for evaluation of performance of the Board, its committees and individual Directors, after taking into consideration several aspects such as board composition, strategic orientation, board functioning and team dynamics. Based on the questionnaire prepared, an annual performance evaluation was carried on May 18, 2017.

Performance evaluation of Independent Directors was conducted by the Board of Directors, excluding the Director being evaluated. The criteria for performance evaluation of Independent Directors laid down by the Nomination, Remuneration and Compensation Committee include ethics and values, knowledge and proficiency, diligence, behavioral traits and efforts for personal development.

Similarly, performance evaluation of the Chairman and Non – Independent Directors was carried out by the Independent Directors. Your Directors also expressed their satisfaction with the evaluation process.

## TRAINING OF INDEPENDENT DIRECTORS

All Independent Directors are familiarized with your Company, their roles, rights and responsibilities in your Company, nature of the industry in which your Company operates, business model, strategy, operations and functions of your Company through its Executive Directors and Senior Managerial Personnel. The details of programs for familiarization of Independent Directors with your Company are available on the website of your Company at the link:

[http://www.jyothy laboratories.com/admin/docs/Familiarisation%20Programme\\_JLL\\_2016-17.pdf](http://www.jyothy laboratories.com/admin/docs/Familiarisation%20Programme_JLL_2016-17.pdf)

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Sanjay Agarwal has been appointed as Chief Financial Officer and Key Managerial Personnel of your Company w.e.f. May 16, 2018. Consequently, Mr. K Ullas Kamath has ceased to be Chief Financial Officer of your Company. Mr. Kamath will continue to act as Joint Managing Director of your Company.

In accordance with the provisions of the Act, Mr. K. Ullas Kamath, Joint Managing Director (DIN – 00506681) of your Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Approval from members has been sought for re-appointment of Mr. Nilesh Mehta (DIN - 00199071) and Mr. Ramakrishnan Lakshminarayanan (DIN - 00238887), as Independent Directors for a period of 5 years with effect from April 1, 2019.

### DECLARATION OF INDEPENDENT DIRECTORS

Pursuant to Section 134(3)(d) of the Act, your Company confirm having received necessary declarations from all the Independent Directors under Section 149(7) of the Act declaring that they meet the criteria of independence laid down under Section 149(6) of the Act and Regulation 16(b) of the Listing Regulations.

### MEETING OF INDEPENDENT DIRECTORS

Your Company's Independent Directors meet at least once in every financial year without the presence of the Executive Directors or Management Personnel of your Company and the Meeting is conducted informally. During the year under review, one meeting of Independent Director was held on May 18, 2017.

### REMUNERATION POLICY

Your Company follows the policy on Nomination and Remuneration/Compensation of Directors, Key Managerial Personnel and other Employees as approved by the Nomination, Remuneration and Compensation Committee and the Board of Directors of your Company and the same has been uploaded on your Company's website at <http://www.jyothylaboratories.com/management-policies.php>. Salient features of the said Policy is annexed to this report as "Annexure – C".

### INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

There have been no instances of any fraud reported by the Statutory Auditors under Section 143(12) of the Act.

### AUDITORS & AUDIT REPORTS

#### Statutory Auditors and their Report:

At the 26<sup>th</sup> Annual General Meeting held on July 11, 2017, M/s. B S R & Co. LLP, Chartered Accountants, (Firm Registration No.101248W/W-100022) were appointed as Statutory Auditors of your Company to hold office for a term of 5 years commencing from the conclusion of 26<sup>th</sup> Annual General Meeting till the conclusion of 31<sup>st</sup> Annual General Meeting subject to ratification by Members in

each Annual General Meeting. However, as per the Companies (Amendment) Act, 2017 provisions of Section 139 of the Act has been amended, wherein, the requirement of ratification of appointment of Statutory Auditors at every AGM has been done away with. Accordingly, appointment of M/s. B S R & Co. LLP, Chartered Accountants, (Firm Registration No.101248W/W-100022) as Statutory Auditors of your Company, will not be placed for ratification by the members in the ensuing Annual General Meeting.

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

#### Secretarial Auditors and their Report

In terms of Section 204 of the Act, the Board of Directors of your Company on the recommendation of the Audit Committee have re-appointed M/s. Rathi & Associates, Company Secretaries, Mumbai as the Secretarial Auditors of your Company to carry out Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report for the financial year 2017-18, in the prescribed Form MR-3, forms part of this Annual Report and is appended as "Annexure – D" to the Directors' report. The report does not contain any qualification, reservation or adverse remark which calls for any explanation from the Board of Directors.

#### Cost Auditors and their Report

As per Section 148 of the Act read with the Companies (Cost Records and Audits) Rules, 2014, as amended, the Board of Directors of your Company on recommendation of the Audit Committee have re-appointed M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai (Registration No. 000010) as the Cost Auditors to carry out the cost audit of its products covered under the Ministry of Corporate Affairs Order dated June 30, 2014 (as amended on December 31, 2014) for the financial year 2018-19. The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of the Audit Committee and the requisite resolution for ratification of remuneration of Cost Auditors by the members has been set out in the Notice convening the 27<sup>th</sup> Annual General Meeting of your Company.

The re-appointment of M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai as the Cost Auditors of your Company is within the prescribed limits of the Act and

free from any disqualifications specified thereunder. Your Company has received the Certificate from the Cost Auditor confirming their independence and relationship on arm's length basis.

The Cost Audit Report for the financial year ended March 31, 2017, issued by M/s. R. Nanabhoy & Co., Cost Auditors, in respect of the various products prescribed under Cost Audit Rules does not contained any qualification, reservation or adverse remark and the same was filed with the Ministry of Corporate Affairs on September 26, 2017. The Cost Audit Report for the financial year ended March 31, 2018 will be filed with the Ministry of Corporate Affairs within the prescribed time.

### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The details of Loans, Guarantees and Investments as prescribed under Section 186 of the Act are appended as "**Annexure – E**" and forms integral part of this report.

### **RELATED PARTY TRANSACTIONS**

Pursuant to Section 134 of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act, in the prescribed Form AOC-2 is appended as "**Annexure – F**" to the Directors' report. During the year, your Company had entered into contract / arrangement / transaction with related parties which were in ordinary course of business and on arm's length basis and none of which could be considered as material in accordance with the policy of your Company on materiality of related party transactions. Further, none of the contract/ arrangement/ transaction with related parties required approval of members as the same were within the limits prescribed under Section 188(1) of the Act and Rules framed thereunder.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed from your Company's website at the link: [http://www.jyothy laboratories.com/admin/docs/RPT\\_JLL\\_Website.pdf](http://www.jyothy laboratories.com/admin/docs/RPT_JLL_Website.pdf)

Attention of Members is also drawn to Note 34 to the financial statements for the year ended March 31, 2018 which sets out the related party disclosures as per Indian Accounting Standard (Ind AS) 24.

### **STATE OF THE COMPANY'S AFFAIRS (MANAGEMENT DISCUSSION AND ANALYSIS)**

In terms of the provisions of Regulation 34(2) of the Listing Regulations, the Management Discussion and

Analysis Report of your Company's affairs for the year under review is attached and forms an integral part of this Annual Report.

### **TRANSFER TO RESERVES**

Your Company did not transfer any sum to the General Reserve for the financial year under review. However, your Company has transferred a sum of ₹ 3,750 Lacs (₹ 6,250 Lacs in the previous financial year) to the Debenture Redemption Reserve during the year under review.

### **MATERIAL CHANGES AND COMMITMENTS**

Except as disclosed elsewhere in this report, no material changes and commitments which could affect your Company's financial position have occurred between the end of the financial year 2017-18 and date of this report.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are annexed herewith as "**Annexure - G**" to this report.

### **RISK MANAGEMENT**

The Board of Directors of your Company has designed a Risk Management Policy in a structured manner taking into consideration the following factors and the same is monitored on a periodic basis by your Company:

1. The Management Approach;
2. JLL's Vision & Mission;
3. Key Business Goals;
4. Risk Library; and
5. Risk Management Focus.

Also, the Management has adopted the following 5 step approach keeping in view your Company's Vision and Mission:

1. Identifying 'Key' Business goals;
2. Identifying the Risk Management focus;
3. Identifying Business risks;
4. Prioritizing the identified business risks; and
5. Rating the current risk management capability for identified risks.

Further, your Company has identified Key Business Goals for a five year horizon and a library of risk events which could be bottleneck in achieving the

same. After defining the key business goals and the library of risk events, your Company identified the goals on which the management would focus.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has been a firm believer that each and every individual including an artificial person owe something to the society at large. Mr. M. P. Ramachandran, Chairman & Managing Director of your Company even before the inception of Corporate Social Responsibility provisions under the Companies Act, 2013, has been involved in charitable and social activities in his individual capacity.

Your Company for the financial year 2017-18 was required to spend an amount of ₹ 335.03 Lacs (2% of the average net profits of last three financial years) towards Corporate Social Responsibility (CSR) activities. Your Company in the financial year 2017-18 was also required to spend an unspent amount of ₹ 55.73 Lacs pertaining to the previous financial year 2016-17. Accordingly, your Company was required to spend an aggregate amount of ₹ 390.76 lacs (i.e. ₹ 335.03 lacs plus ₹ 55.73 lacs) towards CSR. However, your Company for the financial year 2017-18 has spent ₹ 508.78 Lacs which was higher than the statutory requirement of 2% of the average net profits for the last three financial years.

The Annual Report on CSR activities that includes details about CSR Policy developed and implemented by your Company and CSR initiatives taken during the financial year 2017-18 in accordance with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as "**Annexure – H**" to this Report

Details about the CSR Policy adopted and formulated by your Company can be accessed from your Company's website at the link:

[http://www.jyothylaboratories.com/admin/docs/JLL\\_CSR%20Policy\\_Website.pdf](http://www.jyothylaboratories.com/admin/docs/JLL_CSR%20Policy_Website.pdf).

### CHANGE IN NATURE OF BUSINESS

During the year under review, there was no change in the nature of business of your Company.

### PERFORMANCE OF SUBSIDIARIES, ASSOCIATE COMPANIES/ JOINT VENTURES

A statement containing the salient features of the financial statements of your Company's Subsidiaries, Associates and Joint Venture Companies in the prescribed format AOC-1 is presented in separate section forming part of the financial statements and hence not repeated here for the sake of brevity. Policy for determining material subsidiaries formulated and adopted by your Company can be accessed

from your Company's website at the link: [http://www.jyothylaboratories.com/admin/docs/PMS\\_JLL\\_Website.pdf](http://www.jyothylaboratories.com/admin/docs/PMS_JLL_Website.pdf)

No Company has become or ceased to be its subsidiary, Joint venture or associate company during the financial year 2017-18.

### FIXED DEPOSITS

Your Company did not accept/ renew any fixed deposits from public and no fixed deposits were outstanding or remained unclaimed as on March 31, 2018.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by any Regulator/ Court that would impact the going concern status of your Company and its future operations.

### INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls adopted and followed by your Company are adequate and are operating effectively. Your Company has adopted a dynamic Internal Financial Controls framework formulated by Ernst & Young, LLP based on the best practices followed in the industry. Under the said framework, Risk and Control Matrix are defined for the following process(es):-

1. Fixed Assets;
2. Financial Statement Closing Process;
3. Information Technology;
4. Inventory Management;
5. Marketing and Advertising;
6. Order to Cash;
7. Payroll;
8. Production Process;
9. Purchase to Pay;
10. Taxation; and
11. Treasury.

During the year under review, no material or serious observations has been received from the Internal Auditors of your Company regarding inefficiency or inadequacy of such controls.

### CONSOLIDATED ACCOUNTS

The consolidated financial statements of your Company are prepared in accordance with the relevant Indian Accounting Standards issued by the Central Government under Section 133 of the Act and forms integral part of the Annual Report.



## CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under Regulation 34(3) read with Schedule V of the Listing Regulations together with the Certificate received from your Company's Statutory Auditors confirming compliance of Corporate Governance requirements is attached and forms an integral part of this report.

## BUSINESS RESPONSIBILITY REPORT

The Securities and Exchange Board of India (SEBI), vide amendment to Regulation 34(2)(f) of the Listing Regulations dated December 22, 2015, had extended the applicability of Business Responsibility Reports to top 500 listed companies based on market capitalization. Your Company being one of the top 500 listed Companies is required to report on Business responsibility. Accordingly, the report on Business Responsibility forms an integral part of this report.

## COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, your Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

## REMUNERATION/ COMMISSION FROM ANY OF ITS SUBSIDIARIES

During the year under review, neither the Managing Director nor the Whole Time Directors of your Company received any remuneration or commission from any of its Subsidiaries.

## EMPLOYEE STOCK OPTION SCHEME (ESOS)

Your Company has adopted Jyothy Laboratories Employee Stock Option Scheme 2014-A ("ESOS 2014-A") for granting of options to Mr. S. Raghunandan, the then Whole Time Director and Chief Executive Officer of your Company (relinquished the office of Whole Time Director and Chief Executive Officer of the Company w.e.f. May 23, 2016) and Jyothy Laboratories Employee Stock Option Scheme 2014 ("ESOS 2014") for granting of options to other eligible employees of your Company as approved by the Members of your Company at the 23<sup>rd</sup> Annual General Meeting held on August 13, 2014.

Disclosure as required under Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 and Regulation 14 of the Securities Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 are furnished below:

	<b>Jyothy Laboratories Employee Stock Option Scheme 2014-A ("ESOS 2014-A")</b>	<b>Jyothy Laboratories Employee Stock Option Scheme 2014 ("ESOS 2014")</b>
1 Date of Shareholders' approval	August 13, 2014	August 13, 2014
2 Total number of options approved under ESOS	27,15,352	27,15,352
3 Vesting Requirements	Options granted under ESOS 2014-A would Vest after One year but not later than four years from the date of grant of such options. Vesting of options would be subject to continued employment with the Company and certain performance parameters.	Options granted under ESOS 2014 would Vest after One year but not later than four years from the date of grant of such options. Vesting of options would be subject to continued employment with the Company and certain performance parameters
4 Exercise price or pricing formula	₹1/- per option	₹1/- per option
5 Maximum term of options granted	5 years	5 years
6 Source of shares	Primary	Primary
7 Variation in terms of option	No variation in the terms of option	No variation in the terms of the option
8 Method of Option Valuation	Intrinsic Value	Intrinsic Value

	Jyothy Laboratories Employee Stock Option Scheme 2014-A ("ESOS 2014-A")	Jyothy Laboratories Employee Stock Option Scheme 2014 ("ESOS 2014")
9	Option Movement during the year	
	Number of Options outstanding at the beginning of the period	18,10,235
	Number of options granted during the year	1,35,137
	Number of options forfeited/ lapsed during the year	-
	Number of options vested during the year	24,774
	Number of options exercised during the year	1,10,363
	Number of shares arising as a result of exercise of options	1,10,363
	Money realized by exercise of options (Amount in ₹)	1,10,363
	Loan repaid by the Trust during the year from exercise price received	N.A.
	Number of Options outstanding at the end of the year	0
	Number of options exercisable at the end of the year	0
10	Employee Wise details of Options Granted	
	i. Senior Managerial Personnel	
	<b>Name</b>	<b>Designation</b>
	<b>Options Granted during the Year</b>	<b>Exercise Price</b>
	None	-
	ii. any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year; and	
	<b>Name</b>	<b>Designation</b>
	<b>Options Granted during the Year</b>	<b>Exercise Price</b>
	None	-
	iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversations) of the Company at the time of grant.	
	<b>Name</b>	<b>Designation</b>
	<b>Options Granted during any one Year</b>	<b>Exercise Price</b>
	Mr. S. Raghunandan	Whole Time Director & Chief Executive Officer*
	27,15,352#	₹1/- per Option

\*Ceased to be Whole Time Director and Chief Executive Officer of the Company and re-designated as President of the Company w.e.f. May 23, 2016.

# Options Granted to Mr. S. Raghunandan during the financial year 2014-15.

Note: Other details as required under Regulation 14 of the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with SEBI circular bearing number CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 forms part of the Notes to Accounts of the Financial Statements in the Annual Report.

Further the aforesaid details are also available on your Company's website at the link: [http://www.jyothy laboratories.com/admin/docs/ESOP\\_Reg.%2014.pdf](http://www.jyothy laboratories.com/admin/docs/ESOP_Reg.%2014.pdf)

The certificate from the Statutory Auditors in respect of implementation of Jyothy Laboratories Employee Stock Option Scheme 2014-A ("ESOS 2014-A") and Jyothy Laboratories Employee Stock Option Scheme 2014 ("ESOS 2014") in accordance with the resolution passed by the Members at the 23<sup>rd</sup> Annual General Meeting of your Company held on August 13, 2014, shall be placed at the ensuing Annual General Meeting for inspection by Members.

## **VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

Your Company has a Vigil Mechanism in place which includes a Whistle Blower Policy in terms of the Listing Regulations for Directors and employees of your Company to provide a mechanism which ensures adequate safeguards to Employees and Directors from any victimization on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports etc.

The Vigil Mechanism/ Whistle Blower Policy of your Company can be accessed from your Company's website at the link:

[http://www.jyothy laboratories.com/admin/docs/JLL\\_Vigil%20Mechanism%20Policy\\_amended\\_Final\\_28012016.pdf](http://www.jyothy laboratories.com/admin/docs/JLL_Vigil%20Mechanism%20Policy_amended_Final_28012016.pdf)

The Whistle Blowers have a right/option to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy directly to the Chairman of the Audit Committee. During the year under review no protected disclosure from any Whistle Blower was received by the designated officer under the Vigil Mechanism.

## **INTERNAL CONTROL SYSTEMS**

Your Company has adequate internal control systems and procedures in place for effective and smooth conduct of business and to meet exigencies of operation and growth. Your Company has set up Standard Operating Process (SOP), procedures and controls apart from regular Internal Audits. Roles and responsibilities have been laid down for each process owners. Management Information System has been established which ensure that adequate and accurate information is available for reporting and decision making.

Internal Audit is conducted by an independent firm of Chartered Accountants viz. M/s. Mahajan & Aibara Chartered Accountants, LLP. Internal Auditors regularly check the adequacy of the system, their observations are reviewed by the management and remedial measures, as necessary, are taken. Internal Auditors report directly to the Chairman of the Audit Committee to maintain its objectivity and independence.

Your Company has also in place a 'Compliance Tool' designed and implemented by Ernst & Young, LLP which ensures compliance with the provisions of all applicable laws to your Company adequately and efficiently.

## **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

### **Transfer of Equity Shares:**

Pursuant to the provisions of Section 124(6) of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs on September 7, 2016 and subsequently amended vide notification dated February 28, 2017, all the equity shares of the Company in respect of which dividend amounts have not been paid or claimed by the shareholders for seven consecutive years or more are required to be transferred to demat account of Investor Education and Protection Fund Authority (IEPF Account).

Accordingly, 2,745 shares of 59 members of your Company were transferred to IEPF Account on December 22, 2017. Your Company had sent individual notice to all the aforesaid 59 members of your Company and has also published the notice in the leading English and Marathi newspapers. The details of the aforesaid 59 members are available on the website of your Company viz. [www.jyothy laboratories.com](http://www.jyothy laboratories.com).

### **Transfer of Unpaid/ Unclaimed Dividend:**

Further, pursuant to the provisions of Section 124(5) of the Act, the dividend which remained unclaimed/ unpaid for a period of seven years from the date of transfer to unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

As a result, the unclaimed/ unpaid dividend for the year 2009-10 which remained unpaid and unclaimed for a period of 7 years has been already transferred by your Company to the IEPF.

Your Company has uploaded the details of unclaimed/ unpaid dividend for the financial year 2009-10 onwards on its website viz., [www.jyothy laboratories.com](http://www.jyothy laboratories.com) and on website of the Ministry of Corporate Affairs viz., [www.mca.gov.in](http://www.mca.gov.in) and the same gets revised/ updated from time to time pursuant to the provisions of IEPF (Uploading of Information Regarding Unpaid and Unclaimed Amount Lying with Companies) Rules, 2012.

Further, the unpaid dividend amount pertaining to the financial year 2010-11 will be transferred to IEPF during the Financial Year 2018-19.

## EMPLOYEE RELATIONS

Your Company has always provided a congenial atmosphere for work to all its employees that is free from discrimination and harassment. Employee relations remained cordial during the year under review.

## MANUFACTURING FACILITIES

Your Company has state-of-the-art facilities at all of its manufacturing locations spread across India. Furthermore, six manufacturing plants of your Company situated at Roorkee, Wayanad, Jammu, Pithampur, Puducherry and Baddi are ISO 9001-2015 certified.

## PREVENTION OF SEXUAL HARASSMENT

Your Company has framed 'Anti – Sexual Harassment Policy' at workplace and has constituted an Internal Complaints Committee (ICC) as per the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. No complaints with allegations of any sexual harassment were reported during the year under review.

## PARTICULARS OF EMPLOYEES

The disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended and forming part of the Directors' Report for the year ended March 31, 2018 is annexed herewith as "**Annexure – I**" to this Report.

## CAUTIONARY NOTE

Certain statements in the "Management Discussion and Analysis" section may be 'forward-looking'. Such 'forward looking' statements are subject to risks and uncertainties and therefore actual results could be different from what your Directors envisage in terms of future performance and outlook.

## ACKNOWLEDGEMENT

Your Directors express their sincere appreciation for the contribution and commitment of the employees of your Company at all levels and for the excellent support provided by the members, customers, distributors, suppliers, bankers, media and other Stakeholders, during the financial year under review. Your Company looks forward to continued and unstinted support in its endeavor to make lives of consumers better by providing world class products at affordable price.

**For and on behalf of the Board of Directors  
For Jyothy Laboratories Limited**

**Sd/-  
M. P. Ramachandran  
Chairman & Managing Director  
(DIN: 00553406)  
Mumbai, May 16, 2018**

## **DIVIDEND DISTRIBUTION POLICY**

### **1. Background, Scope and Purpose:**

The Securities and Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations). Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which requires the top 500 listed companies (by market capitalisation) to formulate and disclose a Dividend Distribution Policy in the Annual Report and on the website of the Company.

Jyothy Laboratories Limited (the "Company") being one of the top 500 listed companies as per the criteria mentioned above, the Board of Directors ("Board") of the Company at its meeting held on January 20, 2017 adopted this Dividend Distribution Policy to comply with these requirements. The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted herein, progressive dividend, which shall be consistent with the performance of the Company over the years.

### **2. Definitions:**

- 2.1 "Board" shall mean Board of Directors of the Company.
- 2.2 "Companies Act" shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended from time to time.
- 2.3 "Dividend" represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend.
- 2.4 "Listed Entity / Company" shall mean Jyothy Laboratories Limited.
- 2.5 "Policy" means Dividend Distribution Policy.
- 2.6 "Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified by the Securities and Exchange Board of India, as amended, from time to time.
- 2.7 "Stock Exchange" shall mean a recognised Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956.

### **3. Dividend distribution philosophy:**

The Company is deeply committed to driving superior value creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

### **4. Financial parameters and other internal and external factors that would be considered for declaration of Dividend:**

- A. Financial parameters and Internal Factors-
  - Distributable surplus available as per the Act and Regulations



- Working Capital requirement
- Earnings Per Share (EPS)
- The Company's liquidity position and future cash flow needs
- Track record of Dividends distributed by the Company
- Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- Capital expenditure requirements considering the expansion and acquisition opportunities
- Additional investment in subsidiaries and associates of the Company
- Upgradation of technology and physical infrastructure
- Acquisition of brands and business
- Past dividend payout ratio/ trends

B. External Factors-

- Cost and availability of alternative sources of financing
- Economic Environment
- Capital Markets
- Dividend Payout ratio of competitors
- Macroeconomic and business conditions in general

Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

## 5. Manner of Dividend Payout:

A. In case of final dividend:

- i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- ii. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.

- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

B. In case of interim dividend:

- i. Interim dividend, if any, shall be declared by the Board.
- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.
- iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

## 6. Utilisation of retained earnings:

Subject to applicable regulations, the Company's retained earnings shall be applied for:

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- Buyback of shares subject to applicable limits
- Payment of Dividend in future years
- Issue of Bonus shares
- Replacement of Capital Assets
- Where the cost of debt is high
- Any other permissible purpose

## 7. Circumstances under which shareholders may not expect Dividend:

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual

objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- Proposed expansion plans requiring higher capital allocation
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow
- Requirement of higher working capital for the purpose of business of the Company
- Proposal for buy-back of securities
- In the event of loss or inadequacy of profit
- Any other unforeseen circumstances having a bearing on the profits of the Company

**8. Parameters to be adopted with regards to various classes of shares:**

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revised at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

**9. Modification of the Policy:**

The Board is authorised to review/ change/ amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the Regulations, etc.

**10. Disclaimer:**

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

## ANNEXURE - B

## Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L24240MH1992PLC128651
ii)	Registration Date	15/01/1992
iii)	Name of the Company	JYOTHY LABORATORIES LIMITED
iv)	Category / Sub-Category of the Company	Company Limited by shares/ Indian Non-Government Company
v)	Address of the Registered office and contact details	'Ujala House' Ramakrishna Mandir Road, Kondivita, Andheri (East), Mumbai- 400059; Tel. No. : 022-66892800; Fax: 022-66892805; Email: secretarial@jyothy.com; Website: www.jyothylaboratories.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent:	
	Name	Link Intime India Pvt. Limited
	Address	C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400083
	Tel. No.	022-49186000
	Fax	022-49186060
	Email	rnt.helpdesk@linkintime.co.in
	Website	www.linkintime.co.in

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10% or more of the total turnover of the Company are as below:-

Sl. No.	Name and Description of main products	NIC Code of the Product	% to total turnover of the Company
1	Detergents	20233	34
2	Soaps	20231	41
3	Mosquito Repellent	20211	14

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Jyothy Kallol Bangladesh Limited 199, Tejgaon Industrial Area, Dhaka-1208, Bangladesh.	N.A.	Subsidiary	75%	Section 2(87)
2	Jyothy Fabricare Services Limited 'Ujala House', Ramkrishna Mandir Road, Kondivita, Andheri (East), Mumbai - 400 059, Maharashtra.	U17120MH2008PLC180246	Subsidiary	86.37%	Section 2(87)
3	Four Seasons Drycleaning Company Private Limited 'Ujala House', Ramkrishna Mandir Road, Kondivita, Andheri (East), Mumbai - 400 059, Maharashtra.	U93010MH2002PTC246838	Subsidiary*	86.37%	Section 2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
4	Snowways Laundrers & Drycleaners Private Limited N-119, North Block, Manipal Centre, Dickenson Road, Bangalore – 560042, Karnataka.	U93010KA2008PTC046087	Subsidiary*	42.32%	Section 2(87)

\*Subsidiaries of Jyothy Fabricare Services Limited

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. as on 01/04/2017				No. of Shares held at the end of the year i.e. as on 31/03/2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	10,43,58,847	-	10,43,58,847	57.44	10,43,58,847	-	10,43,58,847	57.40*	-0.04*
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government (s).	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	1,50,00,000	-	1,50,00,000	8.25	1,50,00,000	-	1,50,00,000	8.25	-
e) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
f) Any Other....									
Trust	21,75,000	-	21,75,000	1.20	21,75,000	-	21,75,000	1.20	-
<b>Sub-total</b>	<b>12,15,33,847</b>	<b>-</b>	<b>12,15,33,847</b>	<b>66.89</b>	<b>12,15,33,847</b>	<b>-</b>	<b>12,15,33,847</b>	<b>66.85*</b>	<b>-0.04*</b>
<b>(A) (1):-</b>									
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(2):-</b>									
<b>Total</b>	<b>12,15,33,847</b>	<b>-</b>	<b>12,15,33,847</b>	<b>66.89</b>	<b>12,15,33,847</b>	<b>-</b>	<b>12,15,33,847</b>	<b>66.85*</b>	<b>-0.04*</b>
<b>shareholding of Promoters (A)</b>									
<b>= (A)(1) + (A)(2)</b>									
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	1,12,44,542	550	1,12,45,092	6.19	95,20,693	550	95,21,243	5.24	-0.95
b) Banks / Financial Institutions	11,090	1,866	12,956	0.01	14,213	1,866	16,079	0.01	-
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	61,85,679	-	61,85,679	3.40	12,51,120	-	12,51,120	0.69	-2.71
g) Foreign Institutional Investors	11,74,936	-	11,74,936	0.65	1,85,333	-	1,85,333	0.10	-0.55

Category of Shareholders	No. of Shares held at the beginning of the year i.e. as on 01/04/2017				No. of Shares held at the end of the year i.e. as on 31/03/2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
Foreign Portfolio Investor (Corporate)	2,31,15,598	-	2,31,15,598	12.72	2,96,71,275	-	2,96,71,275	16.32	3.60
Alternate Investment Funds	-	-	-	-	10,71,303	-	10,71,303	0.59	0.59
<b>Sub-total (B)(1):-</b>	<b>4,17,31,845</b>	<b>2,416</b>	<b>4,17,34,261</b>	<b>22.97</b>	<b>4,17,13,937</b>	<b>2,416</b>	<b>4,17,16,353</b>	<b>22.95</b>	<b>-0.02</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	56,03,837	3,207	56,07,044	3.09	94,19,990	2,832	94,22,822	5.18	2.09
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lacs	1,02,72,942	8,13,526	1,10,86,468	6.11	72,33,735	7,87,512	80,21,247	4.41	-1.70
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lacs	1,59,130	-	1,59,130	0.09	2,66,601	-	2,66,601	0.15	0.06
c) Others (specify)									
1. IEPF	-	-	-	-	2,745	-	2,745	0.00	0.00
2. Trusts	2,00,946	-	2,00,946	0.11	2,062	-	2,062	0.00	-0.11
3. Hindu Undivided Family	3,16,246	-	3,16,246	0.17	2,42,070	-	2,42,070	0.13	-0.04
4. Non-Resident Individuals (Repatriable)	3,61,684	5,726	3,67,410	0.20	2,92,285	5,701	2,97,986	0.16	-0.04
5. Non-Resident Individuals (Non-Repatriable)	1,15,972	-	1,15,972	0.06	1,16,405	-	1,16,405	0.07	0.01
6. Clearing Members	5,60,814	-	5,60,814	0.31	1,71,949	-	1,71,949	0.10	-0.21
5. Foreign Nationals	1,586	-	1,586	0.00	-	-	-	-	-0.00
<b>Sub-total (B)(2):-</b>	<b>1,75,93,157</b>	<b>8,22,459</b>	<b>1,84,15,616</b>	<b>10.14</b>	<b>1,77,47,842</b>	<b>7,96,045</b>	<b>1,85,43,887</b>	<b>10.20</b>	<b>0.06</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>5,93,25,002</b>	<b>8,24,875</b>	<b>6,01,49,877</b>	<b>33.11</b>	<b>5,94,61,779</b>	<b>7,98,461</b>	<b>6,02,60,240</b>	<b>33.15</b>	<b>0.04</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>18,08,58,849</b>	<b>8,24,875</b>	<b>18,16,83,724</b>	<b>100</b>	<b>18,09,55,626</b>	<b>8,38,461</b>	<b>18,17,94,087</b>	<b>100</b>	

\* The change in Promoters shareholding percentage is because of increase in the paid up share capital of the Company during the Financial Year 2017-18 on account of shares allotted by the Company to its eligible employees under "Jyothy Laboratories Employees Stock Option Scheme 2014".



**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	M. P. RAMACHANDRAN	7,01,36,948	38.60	13.80	7,01,36,948	38.58*	12.08	-0.02
2.	SAHYADRI AGENCIES LIMITED	1,50,00,000	8.25	0.00	1,50,00,000	8.25	0.00	-
3	M.P. DIVAKARAN	72,35,913	3.98	0.00	72,35,913	3.98	0.00	-
4	M. P. SIDHARTHAN	52,15,230	2.87	0.00	52,15,230	2.87	0.00	-
5	M.R. DEEPTHI	51,80,885	2.85	0.00	51,80,885	2.84*	0.00	-0.01
6	M. R. JYOTHY	47,68,937	2.63	0.00	47,68,937	2.62*	0.00	-0.01
7	M.G. SHANTHKUMARI	36,17,954	1.99	0.00	36,17,954	1.99	0.00	-
8	U. B. BEENA	34,46,600	1.90	0.00	34,46,600	1.90	0.00	-
9	JAYA TRUST	21,75,000	1.20	0.00	21,75,000	1.20	0.00	-
10	M.P. DIVAKARAN - HUF	19,04,000	1.05	0.00	19,04,000	1.05	0.00	-
11	K ULLAS KAMATH	14,51,380	0.80	0.00	14,51,380	0.80	0.00	-
12	SIDHARTHAN M. P. - HUF	13,20,000	0.73	0.00	13,20,000	0.73	0.00	-
13	K.K. SUJATHA	81,000	0.04	0.00	81,000	0.04	0.00	-

\* The change in Promoters shareholding percentage is because of increase in the paid up share capital of the Company during the Financial Year 2017-18 on account of shares allotted by the Company to its eligible employees under "Jyothy Laboratories Employees Stock Option Scheme 2014".

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change):**

There was no change in promoter's holding during the specified period i.e. 2017-18.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr No.	Name	Shareholding		Date	Increase / Decrease in Share holding	Reason	Cumulative Shareholding at the end of the year - 2018	
		No. of shares at the beginning of the year (01-04-17)/ End of the year 31-03-18)	% of total shares of the Company				No of Shares	% of total shares of the Company
1	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	5950697	3.27	01/04/2017			5950697	3.27
				07/04/2017	92	Transfer	5950789	3.27
				14/04/2017	221	Transfer	5951010	3.27
				21/04/2017	(1988)	Transfer	5949022	3.27
				28/04/2017	32	Transfer	5949054	3.27
				12/05/2017	1220235	Transfer	7169289	3.94
				19/05/2017	98	Transfer	7169387	3.94
				26/05/2017	83	Transfer	7169470	3.94
				02/06/2017	243	Transfer	7169713	3.94
				09/06/2017	(364)	Transfer	7169349	3.94
				16/06/2017	12370	Transfer	7181719	3.95
				23/06/2017	12160	Transfer	7193879	3.95
				30/06/2017	115954	Transfer	7309833	4.02
				07/07/2017	297854	Transfer	7607687	4.18
				14/07/2017	3789	Transfer	7611476	4.18
				21/07/2017	7431	Transfer	7618907	4.19
				28/07/2017	66014	Transfer	7684921	4.22
				04/08/2017	289723	Transfer	7974644	4.39
				11/08/2017	108937	Transfer	8083581	4.45

Sr No.	Name	Shareholding		Date	Increase / Decrease in Share holding	Reason	Cumulative Shareholding at the end of the year - 2018	
		No. of shares at the beginning of the year (01-04-17)/ End of the year 31-03-18)	% of total shares of the Company				No of Shares	% of total shares of the Company
				18/08/2017	115017	Transfer	8198598	4.51
				25/08/2017	20163	Transfer	8218761	4.52
				01/09/2017	9486	Transfer	8228247	4.53
				08/09/2017	14551	Transfer	8242798	4.53
				15/09/2017	14362	Transfer	8257160	4.54
				22/09/2017	7276	Transfer	8264436	4.55
				29/09/2017	10984	Transfer	8275420	4.55
				06/10/2017	34856	Transfer	8310276	4.57
				13/10/2017	11725	Transfer	8322001	4.58
				20/10/2017	1528	Transfer	8323529	4.58
				27/10/2017	4353	Transfer	8327882	4.58
				03/11/2017	58024	Transfer	8385906	4.61
				10/11/2017	166933	Transfer	8552839	4.70
				17/11/2017	6582	Transfer	8559421	4.71
				24/11/2017	4107	Transfer	8563528	4.71
				01/12/2017	3976	Transfer	8567504	4.71
				08/12/2017	8764	Transfer	8576268	4.71
				15/12/2017	6924	Transfer	8583192	4.72
				22/12/2017	17933	Transfer	8601125	4.73
				29/12/2017	5963	Transfer	8607088	4.73
				05/01/2018	15648	Transfer	8622736	4.74
				12/01/2018	2455	Transfer	8625191	4.74
				26/01/2018	4001	Transfer	8629192	4.75
				02/02/2018	8455	Transfer	8637647	4.75
				09/02/2018	7770	Transfer	8645417	4.75
				16/02/2018	1944	Transfer	8647361	4.76
				23/02/2018	4022	Transfer	8651383	4.76
				09/03/2018	5677	Transfer	8657060	4.76
				16/03/2018	568	Transfer	8657628	4.76
				23/03/2018	4275	Transfer	8661903	4.76
				31/03/2018	69645	Transfer	8731548	4.80
	AT THE END OF THE YEAR	8731548	4.80	31/03/2018			8731548	4.80
2	ABERDEEN GLOBAL-ASIAN SMALLER COMPANIES FUND	1700573	0.93	01/04/2017			1700573	0.93
				09/06/2017	648936	Transfer	2349509	1.29
				16/06/2017	113147	Transfer	2462656	1.35
				23/06/2017	189722	Transfer	2652378	1.45
				30/06/2017	48195	Transfer	2700573	1.48
				07/07/2017	8100	Transfer	2708673	1.49
				14/07/2017	421900	Transfer	3130573	1.72
	AT THE END OF THE YEAR	3130573	1.72	31/03/2018			3130573	1.72
3	FIRST STATE INDIAN SUBCONTINENT FUND	1435469	0.79	01/04/2017			1435469	0.79
				07/04/2017	280326	Transfer	1715795	0.94
				14/07/2017	153272	Transfer	1869067	1.03
				21/07/2017	100801	Transfer	1969868	1.09
				28/07/2017	125236	Transfer	2095104	1.15
				04/08/2017	97830	Transfer	2192934	1.20

Sr No.	Name	Shareholding		Date	Increase / Decrease in Share holding	Reason	Cumulative Shareholding at the end of the year - 2018	
		No. of shares at the beginning of the year (01-04-17)/ End of the year 31-03-18)	% of total shares of the Company				No of Shares	% of total shares of the Company
				29/09/2017	1262	Transfer	2194196	1.21
				13/10/2017	37256	Transfer	2231452	1.23
				03/11/2017	5855	Transfer	2237307	1.23
				26/01/2018	239612	Transfer	2476919	1.36
				02/02/2018	413342	Transfer	2890261	1.59
				09/03/2018	91327	Transfer	2981588	1.64
				16/03/2018	43769	Transfer	3025357	1.66
				23/03/2018	94772	Transfer	3120129	1.72
	AT THE END OF THE YEAR	3120129	1.72	31/03/2018			3120129	1.72
4	EMBLEM FII	3075000	1.69	01/04/2017			3075000	1.69
	AT THE END OF THE YEAR	3075000	1.69	31/03/2018			3075000	1.69
5	FRANKLIN INDIA SMALLER COMPANIES FUND	1485800	0.82	01/04/2017			1485800	0.82
				24/11/2017	353200	Transfer	1839000	1.01
				26/01/2018	500000	Transfer	2339000	1.29
				02/02/2018	250000	Transfer	2589000	1.42
	AT THE END OF THE YEAR	2589000	1.42	31/03/2018			2589000	1.42
6	THE INDIA FUND INC	1250000	0.69	01/04/2017			1250000	0.69
				14/04/2017	72470	Transfer	1322470	0.73
				11/08/2017	200000	Transfer	1522470	0.84
				01/12/2017	40926	Transfer	1563396	0.86
				08/12/2017	714074	Transfer	2277470	1.25
	AT THE END OF THE YEAR	2277470	1.25	31/03/2018			2277470	1.25
7	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP	1983627	1.09	01/04/2017			1983627	1.09
				14/04/2017	10000	Transfer	1993627	1.10
				12/05/2017	10000	Transfer	2003627	1.10
				02/06/2017	11500	Transfer	2015127	1.11
				09/06/2017	3500	Transfer	2018627	1.11
				23/06/2017	5000	Transfer	2023627	1.11
				30/06/2017	20000	Transfer	2043627	1.12
				28/07/2017	(5627)	Transfer	2038000	1.12
				18/08/2017	10000	Transfer	2048000	1.13
				01/09/2017	5000	Transfer	2053000	1.13
				08/09/2017	35000	Transfer	2088000	1.15
				15/09/2017	31500	Transfer	2119500	1.16
				22/09/2017	20000	Transfer	2139500	1.18
				06/10/2017	10000	Transfer	2149500	1.18
				13/10/2017	32200	Transfer	2181700	1.20
	AT THE END OF THE YEAR	2181700	1.20	31/03/2018			2181700	1.20
8	THE SCOTTISH ORIENTAL SMALLER COMPANIES TRUSTPLC	0	0.00	01/04/2017			0	0.00
				14/07/2017	155003	Transfer	155003	0.08
				21/07/2017	101938	Transfer	256941	0.14
				28/07/2017	126651	Transfer	383592	0.21
				04/08/2017	98934	Transfer	482526	0.26
				29/09/2017	1017	Transfer	483543	0.27

Sr No.	Name	Shareholding		Date	Increase / Decrease in Share holding	Reason	Cumulative Shareholding at the end of the year - 2018	
		No. of shares at the beginning of the year (01-04-17)/ End of the year 31-03-18)	% of total shares of the Company				No of Shares	% of total shares of the Company
				13/10/2017	30020	Transfer	513563	0.28
				03/11/2017	4718	Transfer	518281	0.28
				10/11/2017	100000	Transfer	618281	0.34
				26/01/2018	157104	Transfer	775385	0.42
				02/02/2018	542052	Transfer	1317437	0.72
				09/03/2018	476782	Transfer	1794219	0.99
				16/03/2018	87684	Transfer	1881903	1.03
				23/03/2018	189861	Transfer	2071764	1.14
	AT THE END OF THE YEAR	2071764	1.14	31/03/2018			2071764	1.14
9	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE SMALL AND MIDCAP FUND	1768929	0.97	01/04/2017			1768929	0.97
				05/05/2017	(8000)	Transfer	1760929	0.97
				12/05/2017	(65000)	Transfer	1695929	0.93
				09/06/2017	144100	Transfer	1840029	1.01
				23/06/2017	(1729)	Transfer	1838300	1.01
				07/07/2017	25000	Transfer	1863300	1.02
				28/07/2017	2677	Transfer	1865977	1.03
				04/08/2017	75000	Transfer	1940977	1.07
				29/09/2017	17523	Transfer	1958500	1.08
				06/10/2017	27500	Transfer	1986000	1.09
				13/10/2017	17421	Transfer	2003421	1.10
				27/10/2017	10100	Transfer	2013521	1.11
				03/11/2017	13000	Transfer	2026521	1.11
				10/11/2017	36000	Transfer	2062521	1.13
				24/11/2017	68000	Transfer	2130521	1.17
				08/12/2017	9000	Transfer	2139521	1.18
				29/12/2017	(5500)	Transfer	2134021	1.17
				05/01/2018	(170000)	Transfer	1964021	1.08
				12/01/2018	(58600)	Transfer	1905421	1.04
				19/01/2018	(17421)	Transfer	1888000	1.04
	AT THE END OF THE YEAR	1888000	1.04	31/03/2018			1888000	1.04
10	MIRAE ASSET EMERGING BLUECHIP FUND	0	0.00				0	0.00
				10/11/2017	30000	Transfer	30000	0.02
				17/11/2017	30000	Transfer	60000	0.03
				24/11/2017	10000	Transfer	70000	0.04
				01/12/2017	5000	Transfer	75000	0.04
				08/12/2017	10000	Transfer	85000	0.05
				15/12/2017	8000	Transfer	93000	0.05
				29/12/2017	20000	Transfer	113000	0.06
				19/01/2018	22000	Transfer	135000	0.07
				26/01/2018	15000	Transfer	150000	0.08
				02/02/2018	260929	Transfer	410929	0.23
				09/02/2018	191424	Transfer	602353	0.33
				02/03/2018	26486	Transfer	628839	0.34
				09/03/2018	605417	Transfer	1234256	0.68
				16/03/2018	223001	Transfer	1457257	0.80
				23/03/2018	145550	Transfer	1602807	0.88
				31/03/2018	120000	Transfer	1722807	0.95
	AT THE END OF THE YEAR	1722807	0.95	31/03/2018			1722807	0.95

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (As on 01/04/2017)		Date	Increase/ Decrease in no. of shares	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No of Shares	% of total shares of the Company
1.	Mr. M. P. Ramachandran	7,01,36,948	38.60	-	-	-	7,01,36,948	38.58*
	As on 31/03/2018	7,01,36,948	38.58*				7,01,36,948	38.58*
2.	Mr. K. Ullas Kamath	14,51,380	0.80	-	-	-	14,51,380	0.80
	As on 31/03/2018	14,51,380	0.80				14,51,380	0.80
3	Ms. M. R. Jyothy	47,68,937	2.63	-	-	-	47,68,937	2.62*
	As on 31/03/2018	47,68,937	2.62*				47,68,937	2.62*
4	Mr. Nilesh Mehta	NIL	NIL	-	-	-	NIL	NIL
	As on 31/03/2018	NIL	NIL				NIL	NIL
5	Mr. K. P. Padmakumar	NIL	NIL	-	-	-	NIL	NIL
	As on 31/03/2018	NIL	NIL				NIL	NIL
6	Mr. R. Lakshminarayanan	NIL	NIL	-	-	-	NIL	NIL
	As on 31/03/2018	NIL	NIL				NIL	NIL
7	Mr. Shreyas Trivedi	NIL	NIL	-	-	-	NIL	NIL
	As on 31/03/2018	NIL	NIL				NIL	NIL

\*The change in Directors shareholding percentage is because of increase in the paid up share capital of the Company during the Financial Year 2017-18 on account of shares allotted by the Company to its eligible employees under "Jyothy Laboratories Employees Stock Option Scheme 2014"

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/ accrued but not due for payment

(Amt. in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year as on 01/04/2017</b>				
i) Principal Amount	4,00,00,00,000	49,19,04,000	-	4,49,19,04,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9,28,13,370	-	-	9,28,13,370
<b>Total (i+ii+iii)</b>	<b>4,09,28,13,370</b>	<b>49,19,04,000</b>	<b>-</b>	<b>4,58,47,17,370</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition (Principal)	-	6,55,00,00,000	-	6,55,00,00,000
• Reduction (Principal)	2,00,00,00,000	4,29,19,04,000	-	6,29,19,04,000
<b>Net Change</b>	<b>(2,00,00,00,000)</b>	<b>2,25,80,96,000</b>	<b>-</b>	<b>25,80,96,000</b>
<b>Indebtedness at the end of the financial year as on 31/03/2018</b>				
i) Principal Amount	2,00,00,00,000	2,75,00,00,000	-	4,75,00,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5,31,85,971	1,80,09,726	-	7,11,95,697
<b>Total (i+ii+iii)</b>	<b>2,05,31,85,971</b>	<b>2,76,80,09,726</b>	<b>-</b>	<b>4,82,11,95,697</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole Time Directors and/or Manager:

(Amt in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		M.P. Ramachandran	K. Ullas Kamath	M.R. Jyothy	
		Chairman and Managing Director	Joint Managing Director & CFO	Whole Time Director & Chief Marketing Officer	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1	3,00,00,000	1,98,00,000	4,98,00,001
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	-	28,50,000	-	28,50,000
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	4,02,96,402	3,62,66,762	-	7,65,63,164
	- others, specify...	-	-	-	-
5.	Others, please specify				
	Provident Fund	-	36,00,000	21,60,000	57,60,000
	Superannuation	-	1,50,000	-	1,50,000
	<b>Total (A)</b>	<b>4,02,96,403</b>	<b>7,28,66,762</b>	<b>2,19,60,000</b>	<b>13,51,23,165</b>
	Ceiling as per the Act	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013			

### B. Remuneration to other Directors

(Amt in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Nilesh B. Mehta	K. P. Padmakumar	R. Lakshminarayanan	
1.	Independent Directors				
	• Fee for attending board / committee meetings	1,50,000	60,000	1,30,000	3,40,000
	• Commission	8,00,000	8,00,000	8,00,000	24,00,000
	• Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>9,50,000</b>	<b>8,60,000</b>	<b>9,30,000</b>	<b>27,40,000</b>
2.	Other Non-Executive Directors				
	• Fee for attending board / committee meetings	Nil	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	Total Managerial Remuneration				
	<b>Total (B)=(1+2)</b>	<b>9,50,000</b>	<b>8,60,000</b>	<b>9,30,000</b>	<b>27,40,000</b>
	Overall Ceiling as per the Act	1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013			

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTd**

(Amt in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Shreyas Trivedi	CFO*	
		Head – Legal & Company Secretary		
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	65,04,496	-	65,04,496
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify...			
	Provident Fund	3,93,000	-	3,93,000
	Superannuation	-	-	-
	<b>Total(C)</b>	<b>68,97,496</b>	<b>-</b>	<b>68,97,496</b>

\* Mr. K. Ullas Kamath, Joint Managing Director holds the position of CFO as on March 31, 2018 and the details of remuneration paid to him is provided in VI (A) above.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default, if any, during the year under review.

**For and on behalf of the Board of Directors  
For Jyothy Laboratories Limited**

Sd/-

**M. P. Ramachandran**

**Chairman & Managing Director  
(DIN: 00553406)**

Mumbai, May 16, 2018

## SALIENT FEATURES OF NOMINATION AND REMUNERATION/ COMPENSATION POLICY

The Board in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and remuneration for Directors, Key Managerial Personnel and other employees.

Major criteria defined in the Policy framed for appointment of the Directors including criteria for determining qualifications, positive attributes, Independence etc. are as under:

### (I) Selection

In case of Executive Directors and Key Managerial Personnel, the selection can be made either by recruitment from outside or from within your Company hierarchy or upon recommendation by the Chairman or other Directors. The appointment may be made either to fill up a vacancy caused by retirement, resignation, death or removal of an existing Executive Director and Key Managerial Personnel or it may be a fresh appointment.

In case of Non-Executive Directors, the selection can be made either by way of selection from the data bank of Independent Directors maintained by the Government of India or upon recommendation by Chairman or other Directors. The appointment may be made either to fill up a vacancy caused by resignation, death or removal of an existing Non-Executive Director or it may be an appointment as an additional director or an alternate director.

### (II) Qualifications, Experience and Positive Attributes

- a) While appointing a Director, it has to be ensured that the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to your Company's business.
- b) In case of appointment as an Executive Director, the candidate must have the relevant technical or professional qualifications and experience as are considered necessary based on the job description of the position. In case no specific qualification or experience is prescribed or

thought necessary for the position then, while recommending the appointment, the Human Resource Department shall provide the job description to the Committee and justify that the qualifications, experience and expertise of the recommended candidate are satisfactory for the relevant appointment. In such circumstances, the Committee may call for an expert opinion on the appropriateness of the qualifications and experience of the candidate for the position of the Executive Director.

- c) In case of appointment as a Non-Executive Director, the candidate must have a post graduate degree, diploma or a professional qualification in the field of his practice/ profession/ service and shall have not less than five years of working experience in such field as a professional in practice, advisor, consultant or as an employee. Provided that the Board may waive the requirements of qualification and/ or experience under this paragraph for a deserving candidate.
- d) The Board, while making the appointment of a Director, shall also try to assess from the information available and from the interaction with the candidate that he is a fair achiever in his chosen field and that he is a person with integrity, diligence and open mind.

### (III) Board Diversity and Independence

While making appointment of directors, following principles shall be observed by the Board, as far as practicable:

- a) There shall be a proper mix of Executive and Non-Executive Directors and Independent and Non-Independent Directors on the Board. Your Company must always be in compliance of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) as amended from time to time, in this regard.
- b) There shall be a workable mix of directors drawn from various disciplines, like technical,

finance, commercial, legal etc. The Board shall not at any time be entirely comprised of persons drawn from one discipline or field.

- c) While appointing a director to fill in a casual vacancy caused by death, resignation etc. of a director, an effort shall be made, as far as possible, to appoint such a person in his place who has the relevant experience in the fields or disciplines in which the outgoing director had the experience or the person with relevant experience in the fields or disciplines which are not represented in the Board as requisite to business of your Company.
- d) No preference on the basis of gender, religion or caste shall be given while considering the appointment of directors.
- e) Generally, an effort shall be made to maintain the Board diversity by appointment of persons from diverse disciplines (relevant to your Company's business), of different age groups and of both the genders (male as well as female) as Directors.
- f) While appointing Independent Directors, the criteria for the independent directors, as laid down in Section 149 (6) of the Companies Act, 2013 and Listing Regulations are followed.

#### **(IV) Remuneration of Directors, Key Managerial Personnel and other Employees**

- a) While determining the remuneration of Executive Directors and Key Managerial Personnel, the Board shall consider following factors:
  - i) Criteria/ norms for determining the remuneration of such employees prescribed in the HR Policy.
  - ii) Existing remuneration drawn.
  - iii) Industry standards, if the data in this regard is available.
  - iv) The job description.
  - v) Qualifications and experience levels of the candidate.
  - vi) Remuneration drawn by the outgoing employee, in case the appointment is to fill a vacancy on the death, resignation, removal etc. of an existing employee.
  - vii) The remuneration drawn by other employees in the grade with matching qualifications and seniority, if applicable.

- b) The determination of remuneration for other employees shall be governed by the HR Policy.

- c) The proposal for the appointment of an Executive Director/ Key Managerial Personnel shall provide necessary information in this regard which the Board will consider in arriving at the conclusion as to whether or not the remuneration offered to the candidate is appropriate, reasonable and balanced as to the fixed and variable portions (including the commission).

- d) The remuneration payable to the Executive Directors, including the Commission and value of the perquisites, shall not exceed the permissible limits as are mentioned within the provisions of the Companies Act, 2013.

- e) The Executive Directors shall not be eligible to receive sitting fees for attending the meetings of the Board or committees thereof of the Company and its subsidiary Companies.

- f) The Non-Executive Directors shall not be eligible to receive any remuneration/ salary from the Company. However, the Non-Executive Directors shall be paid sitting fees for attending the meetings of the Board or committees thereof and commission, as may be decided by the Board/ Shareholders from time to time.

- g) The Non-Executive Directors shall also be eligible for reimbursement of reasonable out-of-pocket expenses incurred by them for attending meetings of Board, Committees or Shareholders, including the travelling and lodging & boarding expenses on an actual basis.

The amount of sitting fees and commission payable to Non-Executive Directors shall not exceed the limits prescribed under the provisions of the Companies Act, 2013.

Explanation: For the purpose of this Policy, Remuneration shall mean the cost to the Company and shall include the salary, allowances, perquisites, performance incentive and any other facility provided or payment made to or on behalf of the employee.

- h) Independent Directors shall not be eligible to participate in the ESOP Scheme, if any.

## SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

To

The Members

**JYOTHY LABORATORIES LIMITED**

Ujala House, Ram Krishna Mandir Road,

Kondivita, Andheri (East),

Mumbai – 400059

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by **Jyothy Laboratories Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Jyothy Laboratories Limited ("the Company") as given in **Annexure I**, for the financial year ended on March 31, 2018, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under to the extent applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- ii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- iii. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- iv. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- v. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-

- i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;



- iii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - iv. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; and
3. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with other Acts, Laws and Regulations applicable specifically to the Company as mentioned hereunder:
- i. Legal Metrology Act, 2009
  - ii. Legal Metrology (Packaged commodities) Rules, 2011
  - iii. Environment [Protection] Act, 1986
  - iv. Hazardous Wastes [Management and Handling] Rules, 1989
  - v. Insecticides Act, 1968
  - vi. Drugs and Cosmetics Act, 1940

We have also examined compliance with the applicable clauses of the Secretarial Standards including the amended Secretarial Standards applicable with effect from 1<sup>st</sup> October, 2017 issued by The Institute of Company Secretaries of India under the provisions of the Companies Act, 2013.

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors took place during the financial year under report.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

None of the members have communicated dissenting views, in the matters/agenda proposed from time to time for consideration of the Board and its Committees thereof, during the year under the report, hence were not required to be captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the year under report, the following event/action had a major bearing on the Company's affairs and in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

Redemption of 50% of the Principal amount of 4,000 Secured, Redeemable, Unlisted Non-Convertible Debentures of ₹ 10,00,000/- each (i.e. ₹ 5,00,000/- each) aggregating to ₹ 200 Cr.

**For RATHI & ASSOCIATES**  
**Company Secretaries**  
**Firm Registration No.: P1988MH011900**

**Sd/-**  
**Himanshu S. Kamdar**  
**Partner**  
**FCS No. 5171**  
**C.P. No. 3030**

**Date:** May 16, 2018  
**Place:** Mumbai

**Note:** This report should be read with our letter of even date which is annexed as **Annexure II** and forms an integral part of this report.

## (ANNEXURE - I)

**List of documents verified**

1. Memorandum and Articles of Association of the Company.
2. Annual Report for the financial year ended 31st March, 2017.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, ESOP Allotment Committee and Corporate Social Responsibility Committee along with the respective Attendance Registers held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Proof of circulation & Delivery of notice for Board meetings and Committee Meetings.
6. Proof of circulation of draft Board and Committee meetings minutes as per Secretarial Standards.
7. Policies framed by the Company:
  - Policy on Related Party Transactions,
  - Policy on Material Subsidiaries,
  - Vigil Mechanism,
  - Corporate Social Responsibility Policy,
  - Nomination & Remuneration Policy,
  - Risk Management Policy & Procedures,
  - Internal Financial Controls,
  - Policy for Determination of Material Events,
  - Code of Conduct for Independent Directors,
  - Code of Conduct for prevention of insider trading,
  - Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information,
  - Archival Policy,
  - Dividend Distribution Policy,
  - Preservation of Records Policy,
  - Business Responsibility Policy,
8. Statutory Registers viz.
  - Register of Charges (Form No. CHG-7);
  - Register of Directors & Key Managerial Personnel;
  - Register of Directors' Shareholding;
  - Register of Employee Stock Options;
  - Register of Contracts with Related Parties; and contracts and Bodies etc. in which directors are interested (Form No. MBP-4), and
  - Register of loans, guarantees and security and acquisition made by the Company (Form No. MBP-2),
9. Copies of Notice, Agenda and Notes to Agenda submitted to all the directors / members for the Board Meetings and Committee Meetings as well as resolutions passed by circulation;
10. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2) and Section 149(7) of the Companies Act, 2013.
11. Intimations received from directors under the prohibition of Insider Trading Code.
12. E-Forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
13. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year under report;
14. Documents related to payments of dividend made to its shareholders during the financial year under report;
15. Documents related to issue of shares under ESOP Scheme viz. ESOP Scheme, Exercise forms, Listing applications, Corporate Action Form, etc.

- |   |  |
|---|--|
| <p>filed with Stock Exchanges and Listing approvals received thereon;</p> <p>16. E-mails evidencing dissemination of information related to closure of Trading window;</p> <p>17. Internal Code of Conduct for prevention of Insider Trading by Employees / Directors / Designated Persons of the Company;</p> <p>18. Statement of Related Party Transactions entered into by the Company during the financial year under report;</p> | <p>19. Documents filed with Stock Exchanges;</p> <p>20. Compliance Certificate placed before the Board of Directors from time to time;</p> <p>21. Details of Sitting Fees paid to all Non Executive Directors for attending the Board Meetings and Committees.</p> |
|---|--|

**(ANNEXURE - II)**

To,  
The Members  
JYOTHY LABORATORIES LIMITED  
Ujala House, Ram Krishna Mandir Road,  
Kondivita, Andheri (East),  
Mumbai – 400059

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For RATHI & ASSOCIATES  
COMPANY SECRETARIES  
Firm Registration No.: P1988MH011900**

Sd/-  
**HIMANSHU S. KAMDAR**  
PARTNER  
FCS No. 5171  
C.P. No. 3030

**Place:** Mumbai  
**Date:** May 16, 2018

## ANNEXURE - E

**PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

(Pursuant to Section 186 of the Companies Act, 2013)

Amount Outstanding as at March 31, 2018

Particulars	(₹ in lacs)
Loans given	-
Guarantee Given (Financial exposure)	6,552.44
Investment (Current and Non-Current)	24,555.41

For and on behalf of the Board of Directors  
For Jyothy Laboratories Limited

Sd/-  
**M. P. Ramachandran**  
Chairman & Managing Director  
(DIN – 00553406)

**Place:** Mumbai  
**Date:** May 16, 2018

## PARTICULARS OF CONTRACTS/ ARRANGEMENTS MADE WITH RELATED PARTIES

### Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013  
and Rule 8(2) of the Companies (Accounts) Rules, 2014]

1. Details of Contracts or arrangements or transactions not at arm's length basis:

(a) Name(s) of the related party and nature of relationship	
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Justification for entering into such contracts or arrangements or transactions	NIL
(f) Date(s) of approval by the Board	
(g) Amount paid as advances, if any	
(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material Contracts or arrangements or transactions at arm's length basis:

(a) Name(s) of the related party and nature of relationship	
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
(e) Date(s) of approval by the Board	
(f) Amount paid as advances, if any	

**For and on behalf of the Board of Directors  
For Jyothy Laboratories Limited**

**Sd/-  
M. P. Ramachandran  
Chairman & Managing Director  
(DIN – 00553406)**

**Place:** Mumbai

**Date:** May 16, 2018



## ANNEXURE – G

**(A) CONSERVATION OF ENERGY-**

The Company took following initiatives for conservation of energy at its various manufacturing locations:

- i. As a pilot project, the Company has installed and commissioned 6 KVA capacity solar unit at Kandanassery Unit at Kerala for in-house consumption.
- ii. Through re-engineering of utilities, the Company reduced electricity consumption of 20,000 KW units per year.
- iii. The Company switched from Compact Fluorescent Lamp (CFL) lights to LED Lights in most of its factories and its annualised reduction in energy usage is 5,00,000 KW units.
- iv. The Company reduced the consumption by 50,000 KW units through proper selection, modernisation and automation of machineries at its plants.
- v. The Company has conducted energy audits across major plants to arrest the leakage of electricity and has also installed Automatic Power Factor Control (APFC) panels to maintain power factor at various factories.
- vi. The tower powder manufacturing is done through natural gas instead of electricity.
- vii. The Company has installed Variable Frequency Drives (VFDs) at all major utility consumption areas and thereby has reduced electricity consumption considerably.
- viii. The Company has treated sewage at all its plants and effluent water is used for gardening and at toilet flush tanks.
- ix. The Company has adopted rain water harvesting system for all its major plants.

**(B) TECHNOLOGY ABSORPTION-**

Nil.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details of foreign exchange earnings and outgo are as below:

(₹ in Lacs)

Particulars	2017-18	2016-17
Foreign exchange earnings	1,436.98	1,330.23
Foreign exchange outgo	3,397.80	3,779.39

## **ANNUAL REPORT ON CSR ACTIVITIES**

1. A brief outline of the Company's CSR policy, including overview of project or programs proposed to be undertaken and a reference to the web-link to the CSR policy and project or programs.

Jyothy Laboratories Limited (the Company) has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is uploaded on the Company's website and can be accessed at the web link provided below:

<http://www.jyothylaboratories.com/management-policies.php>

The Company has undertaken projects in the rural area development and enhancing vocational skills as a part of its CSR Initiative for the financial year 2017-18. The activities and funding are monitored internally by CSR Committee of the Company. The Company has identified the following fields of operation for spending of expenditure towards CSR:

- i) eradicating hunger, poverty and malnutrition, promoting preventive health care including sanitation and more particularly contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry,

conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

- v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
  - vi) measures for the benefit of armed forces veterans, war widows and their dependents;
  - vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
  - viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
  - ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
  - x) rural development projects;
  - xi) slum area development;
  - xii) such other projects as may be specified by the Central Government from time to time.
2. **The CSR Committee comprises of following Members:**
    - Mr. M. P. Ramachandran, Chairman (Chairman & Managing Director)
    - Mr. K. P. Padmakumar, Member (Independent Director)
    - Ms. M. R. Jyothy, Member (Whole Time Director & Chief Marketing Officer)

3. **Average net profit of the Company for last three Financial years:**

Year	Net Profit as per Section 198 of the Companies Act, 2013 (₹ in Lacs)
2014-15	14,206
2015-16	19,413
2016-17	16,635
Average net profits of last three years	16,751
<b>2% of the average net profits of last three years</b>	<b>335.03</b>

4. **Prescribed CSR expenditure:** The Company has spent an amount of ₹ 508.78 lacs as against prescribed 2% of the average net profit of last three years which works out to be ₹ 335.03 lacs.

## 5. Details of CSR spent during the financial year 2017-18:

a) **Total amount to be spent for the financial year:** ₹ 390.76 Lacs (₹ 335.03 Lacs for financial year 2017-18 and ₹ 55.73 Lacs pertaining to unspent amount of financial year 2016-17)

b) **Amount unspent, if any:** Nil

c) Manner in which the amount spent during the financial year is detailed below.

Sr. No.	CSR projects or activities identified	Sector in which the project is covered	Projects or programs 1) Local areas or other 2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) project or programs wise (₹ in lacs)	Amount spent on the projects or programs (₹ in lacs) Sub-heads 1) District expenditure on projects or programs. 2) Overheads	Cumulative Expenditure upto reporting period (₹ in lacs)	Amount Spent: Direct or through implementing agency
1	Housing in Adivasi area in Trichur/School	Rural Development	Trichur District, Kerala	119.55	119.55	119.55	Direct
2	NETAP	Enhancing vocational skills	Various States	389.23	389.23	389.23	Direct
Total				508.78	508.78	508.78	

6. **Reason for not spending:** N.A.

## 7. The Chairman of the CSR committee has given a responsibility statement on behalf of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

**For and on behalf of the Board of Directors  
For Jyothy Laboratories Limited**

Sd/-

**M. P. Ramachandran**

**Chairman & Managing Director  
and Chairman – CSR Committee  
(DIN – 00553406)**

**Place:** Mumbai  
**Date:** May 16, 2018

**ANNEXURE - I**

**STATEMENT OF PARTICULARS OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION  
DRAWN PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ  
WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL)  
RULES, 2014 (AS AMENDED TILL DATE)**

**A. Employed throughout the Financial Year 2017-18 with an aggregate salary not less than ₹ 1,02,00,000/- per annum:**

Name	Age	Qualification	Designation	Date of Commencement of employment	Experience (years)	Total Gross Remuneration (Amt in ₹)	Previous Employment
Mr. M.P. Ramachandran	72	Postgraduate Degree in Financial Management	Chairman and Managing Director	15-01-1992	43 years	4,02,96,403	Proprietor – Jyothy Laboratories
Mr. K. Ullas Kamath	55	M.Com., F.C.A., A.C.S., L.L.B., A.M.P. – Wharton Business School and Harvard Business School, U.S.A	Joint Managing Director and Chief Financial Officer	26-03-1997	32 years	7,28,66,762	Practicing Chartered Accountant
Ms. M. R. Jyothy	40	Bcom, MBA, Family Managed Business administration from S.P.Jain Institute of Management, Owner/ President Management Programme from Harvard University, USA	Whole Time Director and Chief Marketing Officer	01-01-2004	14 years	2,19,60,000	-
Mr. Rajnikant Sabnavis	51	B.E. (Mech), MBA.	Chief Operating Officer	21-10-2013	27 years	4,42,30,117	Unilever / Regional Category Vice President (Hair Care - South Asia)
Mr. S Somasundaram	48	B. Sc.	VP - Supply Sourcing & Manufacturing	17-08-2012	22 years	1,12,49,295	Kumar Organic Product Limited - Vice President Operation
Mr. Venkitachalam Iyer	55	B. Com	Head - Corporate Sales	07-12-1999	18 years	1,07,08,275	Henkel India Limited - Head -Corporate Sales

**B. Employed for part of the financial year 2017-18 with an aggregate salary not less than ₹ 8,50,000/- per month:**

Name	Age	Qualification	Designation	Date of Commencement of employment	Experience (years)	Total Gross Remuneration (Amt in ₹)	Previous Employment
Ms. Neetu Kashiramka	44	B. Com, CA.	VP- Finance	21-11-2000	20 years	1,03,94,390	Kewal Kiran & Co- Asst. Manager- Accounts

Note:

1. The aforesaid remuneration is inclusive of value of perquisites arising out of exercise of ESOP grants by respective employees.
2. All appointments are contractual and terminable by notice on either side.
3. None of the employees mentioned above is related to any director of the Company except Mr. M. P. Ramachandran and Ms. M. R. Jyothy, who are related to each other.
4. None of the employee is drawing remuneration more than the remuneration drawn by Managing Director/ Whole Time Director and holding by themselves or along with their spouse and dependent children, two percent or more of the equity shares of the Company.

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 are as under:

Sl. No.	Name of Director	Designation	Remuneration Current Year	% increase in Remuneration in the financial year 2017-18	Ratio of remuneration of each Director/ to median remuneration of employees
1	Mr. M. P. Ramachandran	Chairman and Managing Director	4,02,96,403	12.30%	142 : 1
2	Mr. K. Ullas Kamath	Joint Managing Director and Chief Financial Officer	7,28,66,762	27.72%	257 : 1
3	Ms. M. R. Jyothy	Whole Time Director & Chief Marketing Officer	2,19,60,000	65.36%	78 : 1
4	Mr. Nilesh B. Mehta	Independent Director	9,50,000	-0.52%	3 : 1
5	Mr. K.P. Padmakumar	Independent Director	8,60,000	-3.37%	3 : 1
6	Mr. R. Lakshminarayanan	Independent Director	9,30,000	2.76%	3 : 1
7	Mr. Shreyas Trivedi	Head – Legal & Company Secretary	68,97,496	18.14%	24 : 1

- (ii) In the financial year, there was an increase of 1.86 % in the median remuneration of employees.
- (iii) There were 2,586 permanent employees on the rolls of Company as on March 31, 2018.
- (iv) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was 4.54% whereas the managerial remuneration for the same financial year decreased by 45.86%.
- (v) The key parameters for the variable component of remuneration availed by the Directors are as per the Remuneration Policy of the Company.
- (vi) It is hereby affirmed that the remuneration paid is as per Remuneration Policy for Directors, Key Managerial Personnel and other Employees.



# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN)	L24240MH1992PLC128651
2. Name of the Company	JYOTHY LABORATORIES LIMITED
3. Registered address	'Ujala House', Ramakrishna Mandir Road, Kondivita, Andheri (E), Mumbai – 400 059
4. Website	www.jyothy laboratories.com
5. Email id	secretarial@jyothy.com
6. Financial year reported	2017-18 (for the year ended March 31, 2018)
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	20211 - Mosquito Liquid Vaporiser and Mosquito Repellent; 20231 - Soaps, Dish wash bar and Dish wash liquid; 20233 - Detergents, Fabric Whitener and Fabric Stiffener; 20235 - Tooth Paste; 20237 - Deo, Talcum powder, Face wash and Body soap (Toilet Soap); 20238 - Agarbatti; and 46499 - Dish wash Scrubber
8. List three key products / services that the Company manufactures/ provides (as in balance sheet)	1. Fabricare (Detergents, Detergent Bar and Fabric Whitener) 2. Dishwash (Dishwash Bar and Liquid) 3. Household Insecticides (Mosquito repellent coil and liquid vapouriser)
9. Total number of locations where business activity is undertaken by the Company	
i) International locations	The Company has undertaken business activity in 22 international locations. Out of them, 5 major locations include Malaysia, Bhutan, Dubai, Saudi Arabia and Nepal.
ii) National locations	<p><b>Registered Office:</b> 'Ujala House', Ramakrishna Mandir Road, Kondivita, Andheri (East), Mumbai – 400 059</p> <p><b>Zonal Offices:</b></p> <p><b>West Zone</b> 43, Shivshkati Industrial Estate, Andheri Kurla Road, Marol, Andheri, Mumbai – 400 059</p> <p><b>East Zone</b> "POONAM BUILDING" 5/2, Russel Street, Flat No 3A &amp; 3B, Kolkata - 700 071</p> <p><b>North Zone</b> 304-305, 3<sup>rd</sup> Floor, K.M Trade Tower, Sector-14, Kaushambi, Near Radisson Blue Hotel, Ghaziabad, Uttar Pradesh-201010</p> <p><b>South Zone</b> N 903 - 904, Rear Wing, Manipal Centre, Bangalore – 560 042 For details of manufacturing/plant locations, please refer Corporate Governance report forming part of the Annual Report 2017-18.</p>
10. Markets served by the Company - Local/State/National/International	National and International

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

(₹ in Lacs)

1. Paid-up Capital of the Company (As on March 31, 2018)	₹ 1,817.94 (18,17,94,087 Equity Shares of ₹ 1/- each)
2. Total turnover (For the financial year 2017-18)	₹ 1,71,762 (Standalone)
3. Total profit after tax (For the financial year 2017-18)	₹ 16,053.55 (Standalone)
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	3.04% (₹ 508.78 lacs)
5. List of activities in which expenditure in four above was incurred	Please refer Annual Report on CSR Activities annexed to the Directors' Report

**SECTION C: OTHER DETAILS**

1. Does the Company have any Subsidiary Company / Companies?	Yes
2. Does the subsidiary Company / Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).	Given the current size and scale of operations, subsidiary companies as of now are not engaged in BR initiatives process of the Company.
3. Does any other entity / entities (e.g. suppliers, distributors etc.), that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	No entity participates in the BR initiatives of the Company. However the Company encourages its suppliers, distributors, etc. to adopt BR initiatives and follow good business practices.

**SECTION D: BR INFORMATION**

<b>1. Details of Director responsible for BR</b>	
a) Details of the Director responsible for the implementation of the BR policy / policies	
DIN	00506681
Name	Mr. K. Ullas Kamath
Designation	Joint Managing Director and Chief Financial Officer
b) Details of the BR head:	
DIN	00506681
Name	Mr. K. Ullas Kamath
Designation	Joint Managing Director and Chief Financial Officer
Telephone No.	022-66892800
E-mail ID	secretarial@jyothy.com

## 2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N)

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs adopted nine areas of Business Responsibility, viz.:

Principle 1	P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2	P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3	P3	Businesses should promote the well-being of all employees
Principle 4	P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
Principle 5	P5	Businesses should respect and promote human rights
Principle 6	P6	Businesses should respect, protect and make efforts to restore the environment
Principle 7	P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8	P8	Businesses should support inclusive growth and equitable development
Principle 9	P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

### (a) Details of Compliance:

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for.	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders? <sup>[1]</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to national / international standards? If yes, specify? (50 words)	The policies conform to the nine principles of National Voluntary Guidelines (NVGs) for Business Responsibility Report								
4.	Has the policy been approved by the Board? If yes, has it been signed by the MD / Owner / CEO appropriate Board Director? <sup>[2]</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director / Official to oversee the implementation of the policy? <sup>[3]</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link to view the policy online. <sup>[4]</sup>	Please refer Note 4 given below								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement its policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy/ policies? <sup>[5]</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? <sup>[6]</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y

## Notes

1. All the policies are formulated with detailed analysis and benchmarking across industry. The policies are in compliance with all applicable laws.
2. As per Company's practice, all the mandatory policies under the Indian laws and regulations have been approved by the Board. Other policies are approved by the concerned Functional Head or Chairman & Managing Director / Joint Managing Director and Chief Financial Officer of the Company depending upon the nature of policy.
3. All the policies have a policy owner and the respective policy owners are responsible for implementation of the policy.
4. Except Code of Conduct and Corporate Social Responsibility Policy, all other policy documents being in-house and internal documents of the Company are uploaded on the intranet and are accessible to all the employees of the Company and thus are not available on the website of the Company. The Code of Conduct and Corporate Social Responsibility Policy can be accessed on the below link: <http://www.jyothylaboratories.com>
5. Any grievance relating to any of the policy can be escalated to the policy owner/ Chairman & Managing Director and /or Joint Managing Director and Chief Financial Officer.
6. Implementation of policies is evaluated as a part of internal governance by policy owners.

(b) If answer to question at Sr. No. 1 against any principle, is 'No', please explain why? (Tick up to two options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	Not Applicable								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next six months									
5.	It is planned to be done within next one year									
6.	Any other reason (please specify)									

### 3. Governance related to BR

1.	Indicate the frequency with which the Board of Directors, Committee of the Board or the CEO assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year	The Chairman & Managing Director and/ or Joint Managing Director and Chief Financial Officer assesses the BR performance of the Company on an annual basis.
2.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing the report? How frequently it is published?	The Business Responsibility Report is published annually by the Company as a part of its Annual Report. The first Business Responsibility Report was published for the FY 2016-17 and the link to view Business Responsibility Report is: <a href="http://www.jyothylaboratories.com">http://www.jyothylaboratories.com</a> .

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Ethics, Transparency and Accountability

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	The Policy relating to Ethics, Transparency and Accountability at present covers the Company only. The policy includes a Code of Conduct prescribed by the Company for all its employees including the Directors. The policy does not extend to the Group/ Joint Venture/ Suppliers, etc. However, the Company encourages parties associated with its value chain like vendors, suppliers, contractors, etc. to follow the principles envisaged in the policy.
2. How many stakeholder complaints were received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof in about 50 words or so.	During the financial year 2017-18, no stakeholder complaint was received.

### Principle 2: Product Lifecycle Sustainability

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List three of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities	<p><b>Exo Dish Wash Bar / Round</b></p> <p>Exo Dish Wash Bar is an anti-bacterial dish wash that offers ultra-clean dish-washing and superior hygiene. First in its category, Exo Dish Wash Bar is a pioneering product that incorporates 'Cyclozan', a highly active anti-bacterial agent often used in toothpastes and hence safe, however tough against germs that cause food poisoning.</p> <p>Exo Dish Wash Round, the unique round shape of the bar has clear advantage over the traditional rectangular bars available in the market. Given its round shape, the bar is used in its entirety and ensures zero wastage. Add to that, the innovative Anti-Sogg formula that prevents excessive melting of the bar when in contact with water, which makes the Exo Dish Wash Round a great value for money choice.</p> <p><b>Henko LINTelligent Detergent Powder</b></p> <p>The powder is pink in colour, while the texture is soft and smooth with a fine perfume scent that gives you a whole new washing experience while giving one's clothes a new look and protecting it from ageing. Henko with a LINT Reduction Power of 127% is a result of intensive research specially designed to not just clean and remove stains, but its unique Nano Fibre Lock Technology locks fraying fibres and conditions them to keep the colour and sheen intact. Henko is available in a Matic variant for Top Load and Front Load washing machines as well as a bucket wash variant called Wonder Wash.</p> <p><b>Margo Original Neem – Toilet Soap</b></p> <p>In India, Neem and skin care have gone hand in hand for generations. And if there's one brand that is the very essence of Neem, that's Margo. In fact, Margo has been a family heritage since 1920. Infused with 100% Neem Oil and Vitamin E, Margo Original Neem is just the soap for those looking for healthy skin and has high standards for hygiene.</p> <p><b>PRIL LIQUID – Dish Wash</b></p> <p>Pril Liquid has a unique formula making it non messy and gentle to the skin, thus leaving both the dishes as well as hands clean, smooth and pleasant.</p>
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2. For each such product, provide the following details in respect of resource use (energy, water, raw material and so on) per unit of product (optional)	<p>a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?</p> <p>The Company has undertaken various initiatives for efficient and optimal use of resources. The Consumption per unit varies as per the product mix and hence it is not possible to ascertain reduction achieved at each level.</p> <p>b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?</p> <p>The Company through continuous improvement and innovation in product formulations tries to ensure lesser consumption of water and other resources, however the same cannot be quantified in real terms.</p>
3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so	Yes, The Company has implemented various sustainable supply chain practices and initiatives and at the same time ensures timely and cost effective deliveries for necessary resources.
4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what initiatives were taken to improve their capacity and capability of local and small vendors?	The Company accords priority to local suppliers in procurement of stores and spares and other consumables. The Company takes steps for capacity building of local and small vendors. The Company's contractors who supply labour services for plant operations employ workmen from nearby communities. This workforce is educated and provided training for occupational health and safety.
5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling them (separately as <5%, 5-10%, >10%)? Also provide details thereof, in about 50 words or so	Yes, the Company has a mechanism to recycle its products for further usage. The percentage of recycling of process waste is approximately 5%.



### Principle 3: Employee Well-being

Businesses should promote the well-being of all employees

1. Total number of employees as on March 31, 2018.	The Company believes that employees play a pivotal role and are the key to the success of the organization. The Company provides a work environment that is free from any form of discrimination among employees. As on March 31, 2018, the Company has a total workforce of 2,586 employees consisting of 505 women employees and 6 permanent employees with disabilities.
2. Total number of employees hired on temporary / contractual / casual basis as on March 31, 2018.	
3. Total number of permanent women employees	
4. Total number of permanent employees with disabilities	The Company during the year under review has hired 3,405 employees on temporary/ contractual/ casual basis.
5. Do you have an employee association that is recognized by the Management?	At present there is a management recognized employee association which has approximately 18.75% of the permanent employees as its member.
6. What percentage of your permanent employees are members of this recognised employee association?	
7. Please indicate the number of complaints relating to the last financial year and pending, as on the end of the financial year	The Company has not received any complaints relating to child labour, forced labour, involuntary labour, sexual harassment during the FY 2017-18 and hence pendency of same does not arise
8. What percentage of employees (permanent, permanent women, casual/temporary/contractual and employees with disabilities) were given safety and skill up-gradation training in the last year?	Majority of the employees were imparted safety and skill up-gradation training. The Company conducts from time to time training programs at all its factory units, zonal offices and registered office.

### Principle 4: Stakeholder Engagement

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the Company mapped its internal and external stakeholders? Yes / No	Yes, the Company has mapped its stakeholders as a part of its stakeholder engagement process. Key categories are: 1) Customers; 2) Shareholders/Investors; 3) Partners (Suppliers / Vendors / Landlords); 4) Employees; 5) Regulatory Bodies; 6) Industry forums, etc.
2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?	Yes, the Company has identified the disadvantaged, vulnerable and marginalised stakeholders. All its beneficiaries through the social development projects implemented by the above mentioned organisations are centered around the marginalised, economically weak and disadvantaged sections of the society, especially the girl child, underprivileged women and persons with disabilities. The Company's community initiatives are being implemented in both rural and urban areas.  Besides the direct project implementation through these organizations, the Company with the support of its employees also contributes funds to several other non-profit organizations.
3. Are there any special initiatives undertaken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?	The Company's initiatives in the areas of Corporate Social Responsibility are targeted to bring meaningful difference in the lives of its associated stakeholders in thrust areas like healthcare, infrastructure support and education. Several initiatives towards healthcare, education, sanitation, safe drinking water, integrated rural development, creation of sustainable livelihood, women empowerment, etc. have been taken by the Company.

**Principle 5: Human Rights****Businesses should respect and promote human rights**

1. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	The Company values and respects the human rights and shall always remain committed for its protection. The Company's Code of Business Conduct, policy on sexual harassment at workplace and the human resource practices cover most of these aspects. The Company encourages all its contractors, group companies, joint ventures and suppliers to adopt good practices in this regard.
2. How many stakeholder complaints were received in the past financial year and what percent was satisfactorily resolved by the Management?	No stakeholder complaint pertaining to human rights was received in FY 2017-18.

**Principle 6: Environmental Management****Businesses should respect, protect, and make efforts to restore the environment**

1. Does the policies related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	The Company has high regards for Environmental Sustainability and it strives hard for preservation of the environment by striking a balance between economic growth and ecology. The Company's plants have state-of-the-art facilities and six of its plants are ISO 9001-2015 certified. The Subsidiaries, Joint ventures and other third party/ vendors are encouraged to adopt the similar practices that are followed by the Company. The Company is committed towards maintaining and improving Safety, Health and Environment of its Employees, other agencies associated with the Company and its operational surroundings. The Company has also introduced "Safety Health & Environment Policy" called as SHE Policy which ensure Safety & Health through line management responsibility and by involving all level of employees through consultation, communication, training and by adopting latest hazard identification risk assessment & control methods. The Company is compliant with all the legal requirements and strive to make continuous improvement in the environment.
2. Does the Company have strategies / initiatives to address global environmental issues, such as climate change, global warming, and others? If yes, please give hyperlink for webpage etc.	The Company undertakes various initiatives for environmental protection, safety and health of both the employees and other living creatures in the vicinity. The Company tries to address the global environmental issues, such as climate change, global warming, etc. by installing various RO and other effluent treatment plants and ambient air monitoring system at its plants situated at various locations. The Company frames a plant layout with an emphasis on Environment, Safety and Health concerns. The Company has adopted an initiative called greenery on earth under which various trees are planted at the plant locations to tackle with the issue of carbon footprint. The Company also celebrates World Environment Day, National Safety Day/Week and World Health Day and various new initiatives are undertaken on these occasions. During the year, the Company has also circulated the safety pocket guide to employees of the Company for ensuring safety and health of both the employees and other living creatures in the vicinity.
3. Does the Company identify and assess potential environmental risks? Y / N	Yes, the Company has a Risk Management mechanism in place to identify and assess existing and potential environmental risks across its operations.
4. Project(s) related to Clean Development Mechanism	Currently, the Company is not undertaking any project related to Clean Development Mechanism.

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy and so on? If yes, please give hyperlink to webpage and others.	Yes, the Company has taken multiple initiatives towards energy efficiency and use of renewable energy at its site. The Company has adopted a robust waste management system which ensures reduction of waste by minimizing waste at source and recycles waste materials. Other initiatives of the Company include installation of RO and other effluent treatment plants and ambient air monitoring system, replacement of tube light with LED and plantation of trees at various plant locations.
6. Are the emissions / waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?	Emissions / wastes generated by the Company are within permissible limits. The Company regularly submits reports on emission levels to CPCB/SPCB.
7. Number of show cause / legal notices received from CPCB / SPCB, which are pending (i.e. not resolved to satisfaction) as on the end of the financial year	There are no pending show cause / legal notices that are received from CPCB / SPCB and not resolved to the satisfaction as on March 31, 2018

#### **Principle 7: Policy Advocacy**

*Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner*

1. Does the Company represent in any trade and chambers/ association? If yes, name only those major ones that the Company deals with	The Company is inter alia a member of the following business associations: <ul style="list-style-type: none"> <li>- Federation of Indian Chambers of Commerce and Industry (FICCI)</li> <li>- Confederation of Indian Industry (CII)</li> <li>- Basic Chemicals, Cosmetics &amp; Dyes Export Promotion Council (CHEMEXCIL)</li> <li>- The Advertising Standards Council of India (ASCI)</li> <li>- Home Insect Control Association (HICA)</li> </ul>
2. Has the Company advocated / lobbied through the above associations for the advancement or improvement of public good? If yes, specify the broad areas	The Company takes note of the public policies that maximize the ability of individuals and companies to innovate, increase job creation, benefit the daily lives of people and strengthen the Country's economy.

#### **Principle 8: Inclusive Growth**

*Businesses should support inclusive growth and equitable development*

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, provide details thereof	Yes, the Company considers social development as an important aspect of its operations. It has aligned its thrust areas in line with the requirements of Schedule VII to the Companies Act, 2013. To oversee implementation of various initiatives, the Company has formed a Board Level Committee called Corporate Social Responsibility Committee. The Company has adopted a policy on Corporate Social Responsibility to streamline its efforts towards Corporate Social Responsibility and support inclusive growth and equitable development.
2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organisation?	The projects are mostly undertaken through in-house teams and occasionally in co-ordination with external agencies like NGOs and Trusts.
3. Has the Company done any impact assessment for its initiative?	Impact assessment is conducted on regular basis and is reviewed from time to time. Based on these impact assessments, the Company decides upon appropriate intervention to be undertaken.

4. What is the Company's direct contribution to community development projects (Amount in INR and the details of the projects undertaken)?	The Company has spent an amount of ₹ 508.78 Lacs in various CSR activities during the financial year 2017-18. The details of the amount incurred and areas covered are given in the report on Corporate Social Responsibility annexed to and forming part of the Directors' Report.
5. Has the Company taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in around 50 words	All the Company's social development programmes are implemented based on the needs within the community. Its programmes on enhancing vocational skills, slum area development, education, sanitation, skill development and more have ensured involvement and sustained participation from the community members. They are involved for better implementation of the projects in their respective areas. The Company's social initiative continuously focuses on benefiting both individual and the community at large.

### Principle 9: Value for Customers

Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints / consumer cases is pending, as on the end of the financial year?	The Company believes in providing a high quality product to its customers at an affordable price after taking into consideration the needs of the customers. The Company has in place a established feedback system to deal with the customer feedback and complaints. All the customers concerns are taken up and resolved immediately to their satisfaction. As on the end of financial year 2017-18, there were no complaints remaining unresolved.
2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)	The Company displays all the information on the product label as mandated by the regulations to ensure full compliance with relevant laws and other additional information as well, if available on case to case basis.
3. Cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on the end of the financial year. If yes, provide details thereof, in about 50 words or so	The Company never indulges in any anti-competitive behavior and understands that consumers are the most important stakeholder for the Company. There are no cases filed against the Company in relation to unfair trade practices during the last five years.
4. Did the Company carry out any consumer survey / consumer satisfaction trends?	The Company values its Consumer's voice and our employees are actively engaged to assess the product related consumer satisfaction levels and trends. The Company also engages external independent agencies, who carry out surveys on various satisfaction and trends parameters for and on behalf of the Company.

# Report on Corporate Governance

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's philosophy is to conduct business and its dealings with all stakeholders in compliance with law and high standards of business ethics and to exceed the statutory requirements with regard to Corporate Governance. Your Company would continue to strengthen its principles of transparency, fairness and accountability to generate long-term value for its shareholders on a continuous and sustainable basis in harmony with the interests of all other stakeholders.

Your Company is in compliance with all the regulations stipulated by the Companies Act, 2013 and Rules thereof and provisions under Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'the Listing Regulations'). The following Report together with the information contained in the Management Discussion and Analysis Report and other parts of Annual Report constitutes your Company's compliance with the Corporate Governance requirements.

## BOARD OF DIRECTORS

### Composition:

The Board of Directors of your Company represents an optimum combination of executive and non-executive directors with one woman director and fifty percent

of the Board of Directors comprising of non-executive directors. The Board currently comprises of 6 (Six) Directors of which 3 (Three) are Executive Directors and 3 (Three) are Non-executive Independent Directors. Mr. M. P. Ramachandran is the Promoter and the Chairman & Managing Director of your Company and accordingly 50% of the Board consists of Non-executive Independent Directors. The composition of the Board of Directors of your Company is in conformity with the provisions of Companies Act, 2013 and Regulation 17 of the Listing Regulations.

None of the Directors on the Board are a member of more than ten committees and Chairman of more than five committees across all companies in which they are Directors as per the requirement of Regulation 26 of the Listing Regulations.

During the year ended on March 31, 2018, the Board of Directors of your Company met five times. The meetings were held on, May 18, 2017, August 3, 2017, November 7, 2017, December 7, 2017, and January 17, 2018. The last Annual General Meeting (AGM) of your Company was held on July 11, 2017.

The details of the Directors on the Board of the Company as on March 31, 2018 are given below:

Name of the Director	Category/ Designation	No. of shares held	Attendance Particulars		No. of Directorship in other Companies*	No. of Committee positions in other Companies®	
			Board Meetings	Last AGM		Member	Chairman
Mr. M. P. Ramachandran	Promoter/ Chairman & Managing Director	7,01,36,948	5	Yes	3	1	-
Mr. K. Ullas Kamath	Joint Managing Director & Chief Financial Officer#	14,51,380	5	Yes	3	1	-
Ms. M. R. Jyothy	Whole Time Director & Chief Marketing Officer	47,68,937	5	No	1	-	-
Mr. Nilesh B. Mehta	Independent Non-Executive Director	-	5	Yes	11	-	-
Mr. K. P. Padmakumar	Independent Non-Executive Director	-	2	Yes	3	1	1
Mr. R. Lakshminarayanan	Independent Non-Executive Director	-	4	No	2	2	1

\* Includes directorship in Indian Private Limited Companies, Foreign Companies, Companies under section 8 of the Companies Act, 2013 and excludes that of your Company.

@ Only Membership/Chairmanship of Audit Committee and Stakeholders' Relationship Committee of Listed and Public Limited companies has been considered, excluding that in your Company. Committee Membership(s) and Chairmanship(s) are counted separately.

# Mr. K. Ullas Kamath ceased to be Chief Financial Officer w.e.f. May 16, 2018.

As on March 31, 2018, none of the Directors were related to each other except Ms. M. R. Jyothy, who is related to Mr. M. P. Ramachandran, Chairman & Managing Director, being his daughter.

None of the Non-executive Independent Director holds any shares and/or convertible instruments issued by the Company.

### FAMILIARIZATION PROGRAMMES

The details of familiarization programmes imparted to independent directors are uploaded on the website of your Company and can be accessed through weblink: <http://www.jyothylaboratories.com/corporate-governance.php>

### AUDIT COMMITTEE

The Board of your Company has constituted a well-qualified, financially literate and independent Audit Committee with more than two third of its members as Independent Directors. All Members of the Audit Committee possess expert knowledge of Accounts, Audit and Finance. The Company Secretary acts as the Secretary to the Audit Committee.

#### Composition, Meetings and Attendance

During the year under review i.e. April 1, 2017 to March 31, 2018, four meetings of the Audit Committee were held on May 18, 2017, August 3, 2017, November 7, 2017 and January 17, 2018 respectively. The Composition of the committee and attendance of each Committee Member is as under:

Sr. No.	Name of the Members	Position	No. of meetings Attended
1	Mr. Nilesh B. Mehta	Chairman	4
2	Mr. K. P. Padmakumar	Member	2
3	Mr. K. Ullas Kamath	Member	4
4	Mr. R. Lakshminarayanan	Member	4

Representatives of Internal Auditors and Statutory Auditors were invitees to the Audit Committee Meeting.

#### Terms of Reference of Audit Committee

The terms of reference of the Audit Committee of your Company are in accordance with Section 177 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder and Regulation 18 read with Part C of Schedule II of the Listing Regulations, which inter alia include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial

information to ensure that the financial statement is correct, sufficient and credible;

- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Approval of payment to the Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013,
  - Changes, if any, in accounting policies and practices and reasons for the same,
  - Major accounting entries involving estimates based on the exercise of judgment by management,
  - Significant adjustments made in the financial statements arising out of audit findings,
  - Compliance with the listing and other legal requirements relating to financial statements,
  - Disclosure of any related party transactions,
  - Modified opinion(s) in the draft Audit Report;
- Reviewing, with the management, examine the quarterly and annual financial statements and auditors' report before submission to the Board for approval;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the Auditor's independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;



10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
14. Discussion with Internal Auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism or Vigil mechanism;
19. Approval of appointment of Chief Financial Officer(i.e. the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## **NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE**

### **Composition, Meetings and Attendance**

The Nomination, Remuneration and Compensation Committee of your Company comprise of the following four Members and is constituted in accordance with Section 178 and other provisions of Companies Act, 2013 and Regulation 19 of Listing Regulations. The Committee met twice during the year ended March 31, 2018 i.e. on May 18, 2017 and August 3, 2017. The attendance of the members at these meetings was as under:

<b>Sr. No.</b>	<b>Name of the Members</b>	<b>Position</b>	<b>No. of meetings attended</b>
1	Mr. Nilesh B. Mehta	Chairman	2
2	Mr. M. P. Ramachandran	Member	2
3	Mr. K. P. Padmakumar	Member	1
4	Mr. R. Lakshminarayanan	Member	2

### **Terms of Reference of Nomination, Remuneration and Compensation Committee**

The role and terms of reference of the Committee are in line with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of the Listing Regulations. The Committee is empowered to do the following:

1. To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and other senior employees;
2. To formulate criteria for performance evaluation of the members of the Board of Directors including Independent Directors, the Board of Directors and the Committees thereof;
3. To devise policy on Board Diversity;
4. To identify persons, qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and where necessary, their removal;
5. To recommend to the Board of Directors, whether to continue or extend the term of appointment of the Independent Directors on the basis of their performance evaluation;
6. To formulate policy ensuring the following:
  - a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully,
  - b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks, and
  - c. Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
7. To design Company's policy on specific remuneration packages for Executive/ Whole Time Directors and

Key Managerial Personnel including pension rights and any other compensation payment;

8. To determine, peruse and finalize terms and conditions including remuneration payable to Executive/ Whole Time Directors and Key Managerial Personnel of the Company from time to time;
9. To review, amend or ratify the existing terms and conditions including remuneration payable to Executive/ Whole Time Directors and Key Managerial Personnel of the Company;
10. To apply to Ministry of Corporate Affairs, New Delhi or any authority regarding their approval for payment of remuneration to Executive/ Whole Time Directors as may be required under the said Act;
11. To consider and approve ESOP Scheme and to perform all such acts, deeds and functions including, but not limited to, the matters specified in clause 5 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and matters incidental/ supplemental thereto; and
12. To recommend to the Board of Directors, their decisions and further actions as they may deem fit.

#### **Performance evaluation criteria for Independent Directors:**

As per the Remuneration policy of your Company, the Independent Directors will be evaluated on five criterias as mentioned below:

- 1) Ethics and Values;
- 2) Knowledge and Proficiency;
- 3) Diligence;
- 4) Behavioural Traits; and
- 5) Efforts for Personal Development;

The above five criterias will be further divided into sub-criteria, not exceeding five for each of the criteria. These will also bring out whether or not a Director has necessary positive attributes required for discharging his duties, functions and responsibilities as the Director of your Company.

A rating scale of 5 (five) is used to give scores for each of the sub criteria:

- 1) Outstanding- 5
- 2) Very Good- 4
- 3) Good- 3
- 4) Unsatisfactory- 2
- 5) Poor- 1

Each evaluating Director will provide score for each of the Independent Director. The evaluating Director will give score for each of the sub-criteria comprising each of the criteria mentioned above. The score will be based on the rating scale as mentioned above.

The evaluator will have to provide reasons for rating score of 1 or 2 and suggestions, if any, for improvement. The final score for each of the independent director will be arrived at in the manner given below:

- i) The score for each of the criteria will be arrived at by aggregating the scores for sub-criteria and dividing them by the number of sub criteria.
- ii) The total score from each evaluator will be arrived at by adding up the scores of all criteria and dividing the total by 5 (five).
- iii) The total score for an independent director will be arrived at by adding the scores from all evaluators and dividing such total score by the number of evaluators.

The Chairman will convey the result of the evaluation to the concerned Independent Director. In case the total score of an Independent Director is less than or equal to 2, the Chairman shall convey to such Independent Director the reasons for the score mentioned by the evaluator(s), and suggestions for improvements, if any. If an Independent Director gets score of less than or equal to 2 for his whole tenure (as provided under the provisions of the Companies Act, 2013), he shall not be eligible for re-appointment for a further term as Director of your Company.

The Performance Evaluation of Executive Directors and Key Managerial Personnel shall be carried out by the Independent Directors in the manner mentioned above taking into account the performance against the corporate goals and objectives on the basis of performance parameter set for each Executive Director and Key Managerial Personnel.

#### **Remuneration Policy**

Your Company follows a policy on remuneration of Directors and Senior Management Employees.

- a) While determining the remuneration of Executive Directors and Key Managerial Personnel, the Board considers following factors:
  - i) Criteria/ norms for determining the remuneration of such employees prescribed in the HR Policy.
  - ii) Existing remuneration drawn.

- iii) Industry standards, if the data in this regard is available.
  - iv) The job description.
  - v) Qualifications and experience levels of the candidate.
  - vi) Remuneration drawn by the outgoing employee, in case the appointment is to fill a vacancy on the death, resignation, removal etc. of an existing employee.
  - vii) The remuneration drawn by other employees in the grade with matching qualifications and seniority, if applicable.
  - b) The determination of remuneration for other employees shall be governed by the HR Policy.
  - c) The proposal for the appointment of an Executive Director/ Key Managerial Personnel shall provide necessary information in this regard which the Board will consider in arriving at the conclusion as to whether or not the remuneration offered to the candidate is appropriate, reasonable and balanced as to the fixed and variable portions (including the commission).
  - d) The remuneration payable to the Executive Directors, including the Commission and value of the perquisites, shall not exceed the permissible limits as are mentioned within the provisions of the Companies Act, 2013.
  - e) The Executive Directors shall not be eligible to receive sitting fees for attending the meetings of the Board or Committees thereof of the Company and its Subsidiary Companies.
  - f) The Independent Directors shall not be eligible to receive any remuneration/ salary from the Company. However, they shall be paid sitting fees for attending the meeting of the Board or Committees thereof and commission, as may be decided by the Board/ Shareholders from time to time.
  - g) The Independent Directors shall also be eligible to reimbursement of reasonable out-of-pocket expenses incurred by them for attending meetings of Board, Committees or Shareholders, including the Travelling, Lodging & Boarding expenses on an actual basis.
- The amount of sitting fee and commission payable to Independent Directors shall not exceed the limits prescribed under the provisions of the Companies Act, 2013.
- Explanation: For the purposes of this Policy, Remuneration shall mean the Cost to the Company and shall include the salary, allowances, perquisites, performance incentive and any other facility provided or payment made to or on behalf of the employee.
- h) Independent Directors shall not be eligible to participate in the ESOP Scheme, if any.

#### Details of Remuneration paid to Directors for the financial year ended March 31, 2018:

##### Executive Directors

(Amount in ₹)						
Name of the Director	Salary including Benefits & Perquisites	Provident Fund	Superannuation	Commission payable	Stock Options	Total
Mr. M. P. Ramachandran	1	-	-	4,02,96,402	-	4,02,96,403
Mr. K. Ullas Kamath	3,00,00,000	36,00,000	30,00,000	3,62,66,762	-	7,28,66,762
Ms. M. R. Jyothy	1,98,00,000	21,60,000	-	-	-	2,19,60,000

For further details please refer to Note No. 34 of the Notes to Financial Statements which form part of the Annual Report.

Notice period and severance fees for all Executive Directors is six months' notice or six months' salary in lieu thereof or as may be mutually decided between the Director and your Company.

##### Non-Executive Directors' Compensation and Shareholding:

As per the resolution passed at the 26<sup>th</sup> Annual General Meeting of your Company held on July 11, 2017 the members had approved commission payable to the Non-Executive and Independent Directors of your Company for an amount not exceeding 1% of the net profits of your Company calculated in accordance with the provisions of sections 197 and 198 of the Companies Act, 2013 in such manner as may be determined by the Board of Directors from time to time within the said limits.

Accordingly, Independent Directors were paid sitting fees and commission during the year under review.

Details of sitting fees & commission paid to the Independent Directors during the year 2017-18 along with their Shareholding as on date of this Report are as under:

Sr. No.	Name of the Directors	Sitting Fees (₹)	Commission (₹)	No. of Shares held
1	Mr. Nilesh B. Mehta	1,50,000	8,00,000	-
2	Mr. K. P. Padmakumar	60,000	8,00,000	-
3	Mr. R. Lakshminarayanan	1,30,000	8,00,000	-

There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis your Company which has potential conflict of interest with the interests of your Company at large.

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee inter-alia monitors and reviews investors' grievances and is responsible for the satisfactory redressal of investors' complaints and recommends measures for overall improvement in the quality of services.

The Committee is headed by Mr. Nilesh B. Mehta, Independent Non-Executive Director and the Committee consists of Three members as stated below. During the year ended March 31, 2018, this Committee had 4 meetings which were held on May 18, 2017, August 3, 2017, November 7, 2017 and January 17, 2018 and attended by the members as under:

Sr. No.	Name of the Directors	Position	No. of Meetings Attended
1	Mr. Nilesh B. Mehta	Chairman	4
2	Mr. M. P. Ramachandran	Member	4
3	Mr. R. Lakshminarayanan	Member	4

Mr. Shreyas Trivedi, Head- Legal & Company Secretary is designated as the Compliance Officer of your Company who oversees the redressal of investor grievances.

During the financial year, your Company received 28 complaints from shareholders and all of them were disposed off to the satisfaction of the shareholders. As on March 31, 2018 there was no complaint which remained unresolved.

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility (CSR) Committee was constituted pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, on May 22, 2014. The Composition of the Committee and attendance of the members of the Committee at the meetings held is as below. The CSR Committee met two times during the year ended March 31, 2018 i.e. on May 18, 2017 and January 17, 2018.

Sr. No.	Name of the Directors	Position	No. of Meetings Attended
1	Mr. M. P. Ramachandran	Chairman	2
2	Mr. K. P. Padmakumar	Member	1
3	Ms. M. R. Jyothy	Member	2

Mr. M. P. Ramachandran is the Chairman of the Committee. Your Company has formulated a CSR Policy and the same is uploaded on the website of your Company, which can be accessed at the weblink – [http://www.jyothylaboratories.com/admin/docs/JLL\\_CSR%20Policy\\_Website.pdf](http://www.jyothylaboratories.com/admin/docs/JLL_CSR%20Policy_Website.pdf)

The terms of reference of the Corporate Social Responsibility Committee broadly includes the following:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the review thereof at periodical intervals;
- To recommend the amount of expenditure to be incurred on the activities referred above;
- To monitor the expenditure incurred on the specified activities; and
- To monitor the implementation of Corporate Social Responsibility Policy of the Company from time to time.

### DEPOSITORY ESCROW ACCOUNT

300 equity shares of your Company belonging to 3 applicants which were lying in the Depository Escrow Account were transferred to the Demat Account of Investor Education and Protection Fund (IEPF) Authority on December 22, 2017.

## GENERAL BODY MEETING

### Annual General Meetings

Last three Annual General Meetings of your Company were held at the venue and time as detailed herein below:

Year	Date of Annual General Meeting	Time of Meeting	Special Resolutions passed
2017- 26 <sup>th</sup> AGM	July 11, 2017	11.00 a.m.	No Special Resolution passed
2016- 25 <sup>th</sup> AGM	July 21, 2016	11.00 a.m.	Appointment of Mr. M. P. Ramachandran as the Chairman and Managing Director of the Company and payment of remuneration.
2015- 24 <sup>th</sup> AGM	July 30, 2015	11.00 a.m.	No Special Resolution passed

All the above meetings were held at M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4<sup>th</sup> Floor, 18/20 K. Dubhash Marg, Kala Ghoda, Mumbai – 400001.

All resolutions at the 24<sup>th</sup>, 25<sup>th</sup> and 26<sup>th</sup> Annual General Meetings were passed through e-voting and physical ballots cast at the AGM.

### Postal Ballot

During the year ended March 31, 2018, no resolution was passed through Postal Ballot.

## MEANS OF COMMUNICATION

Your Company publishes its quarterly, half-yearly and annual financial results generally in Business Standard and Sakal after submitting it to the Stock Exchanges once approved by the Board of Directors of your Company. The said results are also available on the website of your Company at [www.jyothy laboratories.com](http://www.jyothy laboratories.com). Official Press releases and presentation made to the Institutional Investors/ Analysts are also available on the aforesaid website of your Company.

## GENERAL SHAREHOLDER INFORMATION

- Annual General Meeting:** 27<sup>th</sup> Annual General Meeting of your Company will be held on July 25, 2018 at 11.00 a.m. at M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4<sup>th</sup> Floor, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai – 400001
- The Financial year covered by this Annual Report:** April 1, 2017 to March 31, 2018.
- Book Closure Dates:** From July 18, 2018 to July 25, 2018 (both days inclusive).
- Dividend Payment Date:** On or after July 30, 2018, subject to the approval of Shareholders at the ensuing Annual General Meeting scheduled to be held on July 25, 2018.

### e) Listing on Stock Exchanges and Stock Codes:

The equity shares of your Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The annual listing fees for the year 2018-19 have been paid to both the stock exchanges. Following table indicates your Company's stock exchange codes.

Name and Address of Stock Exchange	Stock Code
BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	532926
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	JYOTHYLAB
ISIN Number	INE668F01031

### f) Registrar & Share Transfer Agents:

Link Intime India Private Limited  
C-101, 247 Park, LBS Marg,  
Vikhroli West, Mumbai- 400083,  
Phone: 022- 49186000, | Fax: 022- 49186060  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

### g) Share Transfer System:

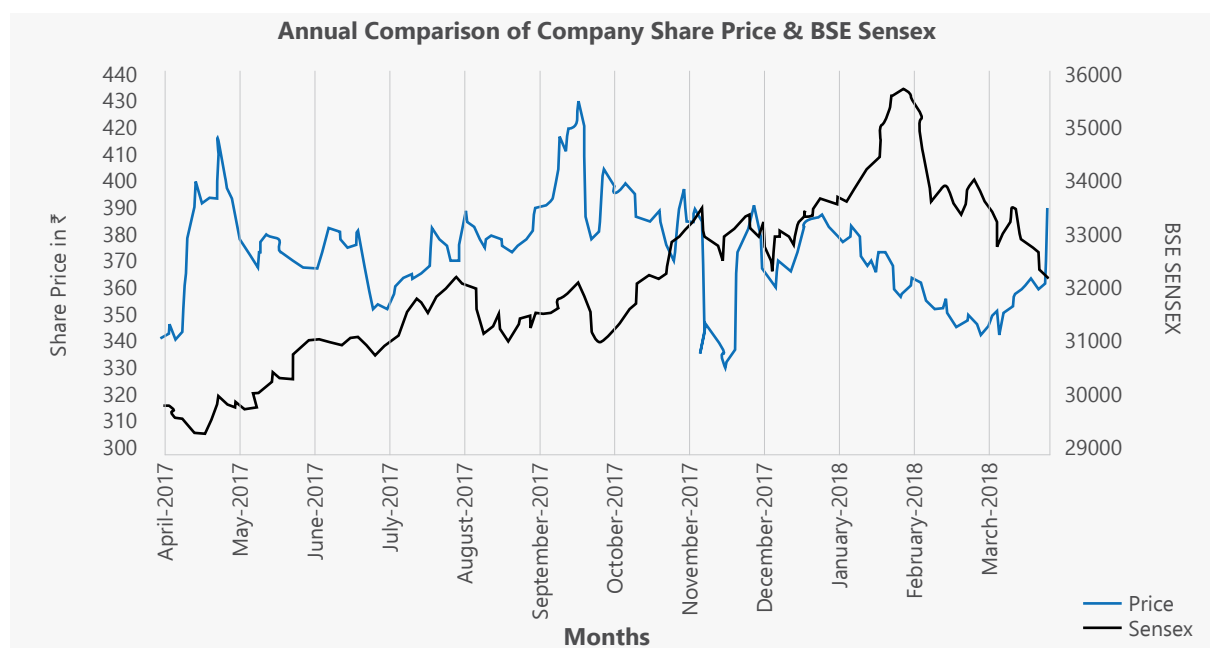
Transfer of shares are registered and returned by the Registrars & Share Transfer Agents within a period of 15 days from the date of receipt of the documents, provided the same are in order. Your Company has constituted Securities Transfer Committee which considers the transfer proposals generally on a regular basis.

### h) Stock Market Price for the year:

The monthly High/ Low stock price of your Company's equity shares listed on the Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited (NSE) from April 1, 2017 to March 31, 2018 are given below:

Month	BSE Market Price (₹)		NSE Market Price (₹)	
	High	Low	High	Low
April 2017	427.00	337.40	427.00	337.00
May 2017	401.40	360.00	404.05	358.50
June 2017	389.90	342.00	389.90	342.30
July 2017	387.60	350.25	388.60	350.50
August 2017	401.30	364.00	402.95	365.25
September 2017	441.00	372.35	442.50	370.70
October 2017	405.00	368.00	405.05	367.10
November 2017	404.75	325.00	404.00	324.50
December 2017	404.90	356.00	405.05	357.30
January 2018	397.00	350.95	396.20	355.10
February 2018	373.00	340.50	369.00	340.35
March 2018	395.50	337.00	400.00	340.00

i) Share Price (₹) in comparison with BSE Sensex:



j) Shareholding Pattern as on March 31, 2018:

Shareholding Pattern of your Company's Equity Shares in broad categories as on March 31, 2018 are given below:

Sr. No.	Category of Shareholder	As on 31.03.2018	
		Total Number of Shares	%
<b>1</b>	<b>Promoter and Promoter's Group</b>	<b>12,15,33,847</b>	<b>66.85</b>
<b>2</b>	<b>Institutions</b>		
a.	Mutual Funds	95,21,243	5.24
b.	Alternate Investments	10,71,303	0.59
c.	Venture Capital Funds	0	-
d.	Foreign Portfolio/ Institutional Investor	2,98,56,608	16.42
e.	Financial Institutions/ Banks	16,079	0.01
f.	Insurance Companies	12,51,120	0.69
<b>Sub-Total - 2</b>		<b>4,17,16,353</b>	<b>22.95</b>



Sr. No.	Category of Shareholder	As on 31.03.2018	
		Total Number of Shares	%
<b>3</b>	<b>Central Government/ State Government(s)</b>	0	-
<b>4</b>	<b>Non-Institutions</b>		
	Individuals & HUF	85,29,918	4.69
	IEPF	2,745	0.00
	Trusts	2,062	0.00
	Non Resident Indians (Non Repat)	1,16,405	0.06
	Non Resident Indians (Repat)	2,97,986	0.16
	Clearing Members	1,71,949	0.10
	Bodies Corporates	94,22,822	5.19
	Qualified Foreign Investor - Individual	0	-
	Foreign Nationals	0	-
	<b>Sub-Total - 4</b>	<b>1,85,43,887</b>	<b>10.20</b>
	<b>Total</b>	<b>18,17,94,087</b>	<b>100.00</b>

**k) Distribution of Shareholding as on March 31, 2018:**

Sr. No	Slab of shareholding		Shareholders		Shares Value	
	No. of Equity shares held		Number	In %	Face Value (₹)	In %
	From	To				
1.	1	500	72,745	97.31	52,61,697	2.89
2.	501	1000	1,020	1.36	7,89,224	0.44
3.	1001	2000	467	0.62	6,99,230	0.38
4.	2001	3000	154	0.21	3,88,394	0.21
5.	3001	4000	80	0.11	2,83,733	0.16
6.	4001	5000	51	0.07	2,36,278	0.13
7.	5001	10000	91	0.12	6,63,978	0.37
8.	10001	& Above	147	0.20	17,34,71,553	95.42
<b>Total</b>			<b>74,755</b>	<b>100.00</b>	<b>18,17,94,087</b>	<b>100.00</b>

**l) Dematerialization of shares:** As on March 31, 2018, 99.56% of total equity share capital was held in dematerialized form

**m) Outstanding GDRs / ADRs / Warrants or any convertible instruments:** During the year 2017-18, your Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.

**n) Plant Locations: Manufacturing Plants of your Company are situated at the following locations:-**

1. BISHNUPUR (UJALA UNIT), LIGHT HOUSE MORE, BISHNUPUR, BANKURA, WEST BENGAL- 722122;

2. GUWAHATI UNIT-I&UNIT-II, E.P.I.P. COMPLEX, AMINGAON, GUWAHATI, ASSAM – 781031;
3. GUWAHATI UNIT – III, PLOT NO. 50, BRAHMAPUTRA INDUSTRIAL PARK, GOURIPUR, NORTH GUWAHATI, KAMRUP, ASSAM – 781031;
4. GUWAHATI UNIT – IV, PLOT NO. 109, BRAHMAPUTRA INDUSTRIAL PARK, GOURIPUR, NORTH GUWAHATI, KAMRUP, ASSAM-781031;
5. GUWAHATI UNIT – V, JAGATI MINI INDUSTRIAL ESTATE, SILA SINDURI GHOPA, KAMALPUR, CHOWKIGATE, CHANGSARI, KAMRUP, ASSAM – 781101;

6. GUWAHATI DETERGENT UNIT, PASCHIM BORAGAON, N.H-37, GUWAHATI, ASSAM – 781033;
7. HIMACHAL POLY VINYL EMULSION AND HIMACHAL DETERGENT UNIT, VILLAGE KATHA, BADDI P.O., SOLAN HIMACHAL PRADESH-173205;
8. JAMMU LIQUID VEPORISER AND MAXO UNIT, LANE 2, PHASE II, SIDCO INDUSTRIAL COMPLEX, BARI BRAHAMANA, SAMBA, JAMMU & KASHMIR -181133;
9. KANDANASSERY (UJALA UNIT), KANDANASSERY, VIA - ARIYANNUR, THRISSUR, KERALA – 680102;
10. KARAIKAL UNIT, 131 PERALAM MAIN ROAD, THIRUNALLAR POST, KARAIKAL PONDICHERRY-609607;
11. MEHBOOBNAGAR (UJALA UNIT) – TELANGANA, SHED NO.25/26, IDA, KOTHUR, RANGA REDDY, TELANGANA- 509228;
12. PITHAMPUR (MAXO UNIT), PLOT NO.201, SECTOR I, PITHAMPUR MADHYA, DHAR, MADHYA PRADESH - 454775;
13. PONDICHERRY - FLOOR SHINE UNIT, R.S. NO.12/1&2, THETHAMPAKKAM VILLAGE, SUTHUKENY POST, PONDICHERRY – 605502;
14. PONDICHERRY DETERGENT UNIT AND EXO, R.S. NO.15, THETHAMPAKKAM VILLAGE, SUTHUKENY POST PONDICHERRY- 605502;
15. PONDICHERRY UJALA UNIT AND PONDIPERSONAL CARE UNIT, 12/1 & 2, THETHAMPAKKAM VILLAGE, SUTHUKENY, POST PONDICHERRY-605502;
16. PONDICHERRY MAXO LV UNIT, R.S. NO.15, THETHAMPAKKAM VILLAGE, SUTHUKENY, POST, PONDICHERRY-605502;
17. SILVASSA UNIT – II, SURVEY NO. 369/1/1/1, RAKHOLI-SAYLI ROAD, SAYLI VILLAGE, BEHIND SIYARAM SILK MILLS, SILVASSA, DADRA & NAGAR HAVELI-396230;
18. SILVASSA ENGINEERING DIVISION (EDS), SURVEY NO 910/7/1 DOKMARDI, SILVASSA, DADRA & NAGAR HAVELI-396230;
19. UTTARANCHAL - UNIT-I (PERSONAL CARE AND UJALA DIVISION), PLOT NO. 6,7 & 8 BEARING KHASARA NOS 361,366 & 370, KIE INDUSTRIAL ESTATE, VILLAGE MUNDIYAKI, ROORKEE, HARIDWAR, UTTARAKHAND - 247670;

20. UTTARANCHAL II - DETERGENT AND DISH WASH DIVISION, PLOT NO.18,19,20 & 21, BEARING KHASARA NOS 366 & 367, KIE INDUSTRIAL ESTATE, VILLAGE MUNDIYAKI, ROORKEE, HARIDWAR, UTTARAKHAND – 247670; and
21. WAYANAD (DETERGENT), MP IV/101 B, KOLAGAPPARA PO, SULTHAN BATHERY, WAYANAD, KERALA-673591

**o) Shareholders & Investors Correspondence:**

Shareholders should address their correspondence to your Company and/ or its Registrars and Share Transfer Agents at the following address:

1. Link Intime India Private Limited  
Unit: Jyothy Laboratories Limited  
C-101, 247 Park, LBS Marg,  
Vikhroli West, Mumbai- 400083  
Phone: 022- 49186000,  
Fax: 022- 49186060  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Contact Person: Mr. Ishwar Suvarna
2. Mr. Shreyas Trivedi  
Head-Legal and Company Secretary  
Jyothy Laboratories Limited  
'Ujala House', Ramkrishna Mandir Road,  
Kondivita, Andheri (East),  
Mumbai – 400 059  
Phone: 022- 66892800,  
Fax: 022- 66892805  
E-mail: [secretarial@jyothy.com](mailto:secretarial@jyothy.com)

**DISCLOSURES**

1. During the year under review, there were no materially significant Related Party Transactions that may have potential conflict of interest with the interests of your Company at large. Your Company has formulated the Policy on dealing with Related Party Transactions and the same is available on the website of your Company and a web link thereto is as below:

[http://www.jyothy laboratories.com/admin/docs/RPT\\_JLL\\_Website.pdf](http://www.jyothy laboratories.com/admin/docs/RPT_JLL_Website.pdf)

Transactions with related parties, as per requirements of Indian Accounting Standard 24, are disclosed in Notes to Accounts annexed to the Financial Statements.

2. Your Company has followed all relevant Accounting Standards while preparing Financial Statements and no treatment different from that prescribed in an Accounting Standard has been followed.

3. No penalties or strictures have been imposed on your Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
4. Your Company has in place Vigil Mechanism/ Whistle Blower Policy and the details of same are provided in the Board's Report. Further, it is affirmed that no personnel has been denied access to the Audit Committee.
5. Your Company has complied with the applicable mandatory requirements of the Listing Regulations.
6. Your Company has laid down procedures to inform Board Members about the Risk Assessment and Minimization Procedures.
7. The policy for determining criteria of material subsidiaries is formulated by your Company and is available on the website of your Company at the web link thereto is as below:  
  
[http://www.jyothylaboratories.com/admin/docs/PMS\\_JLL\\_Website.pdf](http://www.jyothylaboratories.com/admin/docs/PMS_JLL_Website.pdf)
8. Your Company has formulated the Policy on distribution of dividend and the same is available on the website of your Company and a web link thereto is as below:  
  
<http://www.jyothylaboratories.com/management-policies.php>

#### **COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:**

Your Company has exposure to various commodities involved in the manufacturing of its final products. Any fluctuation in prices of basic commodities like Benzene, Crude, Naptha, Palm and Palm Kernel may have direct impact on the products falling under detergent and dish wash category. Similarly, volatility in prices of Polyethylene Terephthalate (PET) and Polypropylene (PP) may lead to increase in prices of container. Any rise in Kraft paper prices can impact the Secondary packaging cost for the products of your Company.

Your Company has a mechanism in place wherein a dedicated team keeps a close watch on the market behaviour and adopts best purchase practices to minimize the effect of inflation.

Your Company has minimal exposure to Foreign Exchange Risk vis-à-vis, total Sales / Purchases of your Company and the transactions are significantly in Indian Currency.

Your Company has not undertaken any hedging activities during the year under review.

#### **CODE OF CONDUCT**

The Board has adopted the Code of Conduct for all its Directors and Senior Management which has been displayed on your Company's website [www.jyothylaboratories.com](http://www.jyothylaboratories.com). All Board Members and Senior Management Personnel have affirmed compliance with the code of conduct on annual basis. A declaration to this effect as required under the Listing Regulations regarding compliance of Code of Conduct by the Chairman and Managing Director of your Company forms part of this Annual Report.

#### **MD/ CFO CERTIFICATE**

The Chairman & Managing Director (CMD) and Joint Managing Director & Chief Financial Officer (JMD & CFO) have issued the Certificate in terms of Regulation 17(8) read with Part B of Schedule II to the Listing Regulations. The said certificate is annexed and forms part of the Annual Report.

#### **DISCLOSURE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS:**

Your Company has complied with all the corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, wherever applicable to your Company.

Your Company has complied with all the requirements of Corporate Governance Report as specified in sub-para (2) to (10) of Schedule V (c) of the Listing Regulations.

#### **For Jyothy Laboratories Limited**

Sd/-

**M. P. Ramachandran**

Chairman & Managing Director

(DIN: 00553406)

Place: Mumbai

Date: May 16, 2018

## DECLARATION BY THE CHAIRMAN AND MANAGING DIRECTOR UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING COMPLIANCE WITH CODE OF CONDUCT

In accordance with Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended March 31, 2018.

### For Jyothy Laboratories Limited

Sd/-

**M. P. Ramachandran**

Chairman & Managing Director

(DIN: 00553406)

Place: Mumbai

Date: May 16, 2018

## CERTIFICATION BY MANAGING DIRECTOR AND JOINT MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER (CFO) PURSUANT TO REGULATION 17(8) READ WITH PART B OF SCHEDULE II OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

We, M. P. Ramachandran, Chairman & Managing Director and K. Ullas Kamath, Joint Managing Director and Chief Financial Officer of Jyothy Laboratories Limited, certify that:-

1. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee that there are no
  - a) significant changes in internal control over financial reporting during the year;
  - b) significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the Financial Statements; and
  - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

### For Jyothy Laboratories Limited

Sd/-

**M. P. Ramachandran**

Chairman & Managing Director

(DIN: 00553406)

Place: Mumbai

Date: May 16, 2018

Sd/-

**K. Ullas Kamath**

Joint Managing Director and CFO

(DIN: 00506681)

## INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To the Members of  
**Jyothy Laboratories Limited**

1. This certificate is issued in accordance with the terms of our agreement dated July 17, 2017.
2. This report contains details of compliance of conditions of corporate governance by Jyothy Laboratories Limited ('the Company') for the year ended March 31, 2018 as stipulated in regulations 17-27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

### MANAGEMENT'S RESPONSIBILITY FOR COMPLIANCE WITH THE CONDITIONS OF LISTING REGULATIONS

3. The compliance with the terms and conditions in the Corporate Governance is the responsibility of the Company's management including the preparation and maintenance of all relevant supporting records and documents.

### AUDITORS' RESPONSIBILITY

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2018.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance

Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### OPINION

8. In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### RESTRICTION ON USE

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sd/-

**Sreeja Marar**

Partner

Membership No: 111410

Mumbai  
May16, 2018

# Independent Auditor's Report

To the Members of  
**Jyothy Laboratories Limited**

## REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of Jyothy Laboratories Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

## MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

## EMPHASIS OF MATTER

Without qualifying our report and as more fully described in Note 34 of the standalone Ind AS financial statements, we draw attention to managerial remuneration paid/provided by the Company for the year ended 31 March 2017 in excess of limits prescribed under the Companies Act, 2013. As informed to us, the Company has filed revised application with the Central Government for approval of such excess remuneration. Pending approval no adjustments are considered necessary in these standalone Ind AS financial statements. Our conclusion is not modified in respect of this matter.

## OTHER MATTERS

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 18 May 2017 on standalone Ind AS financial statements of the Company for the year ended 31 March 2017. Our opinion is not modified in respect of these matter.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 35(B) to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
  - iv. The disclosures regarding details of specified bank notes held and transacted during 08 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

Mumbai  
16 May 2018

**Sreeja Marar**  
Partner  
Membership No: 111410

# Annexure - A

## to the Independent Auditors' Report – 31 March 2018

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note 3(a) to the Standalone Ind AS financial statements, are held in the name of the Company, except as noted below:

Particulars	Freehold land	Buildings
Number of cases	1	1
Gross block as at 31 March 2018 (₹ in lacs)	33.23	610.15
Net block as at 31 March 2018 (₹ in lacs)	33.23	534.36

- (ii) The inventory, except goods-in-transit and stock lying with third parties, has been physically verified by the management during the year. For inventory lying with third parties at the year-end, written confirmations have been obtained. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of accounts.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.

- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act, in respect grant of loans, making investments and providing guarantees and securities, as applicable.

- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

- (vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise, Goods and Service tax and Value added tax as at 31 March 2018, which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned, are as follows :

Name of the Statue	Nature of Dues	Period	Forum where dispute is pending (Amount in Lacs)			
			Commissioner & Appellate	High Court	Tribunal	Grand Total
The Central Excise Act, 1944	Excise	1998-00	10	-	-	10
		2000-15	222	-	32	254
		2011-16	2,618#	-	-	2,618
		2016-17	-	493#	-	493
The Central Sales Tax Act, 1956 and Value Added Tax	Sales Tax and VAT	1999-00	4	-	-	4
		2000-04	1,020	10	126	1,156
		2004-05	86	-	1	87
		2005-06	316	-	213	529
		2006-09	871	313	387	1,571
		2008-13	95	147	-	242
		2009-16	-	1,132	-	1,132
		2010-14	279	33	-	312
		2014-17	75	-	-	75
The Finance Act, 1994		Service Tax	2005-06	7	-	-
The Income Tax Act, 1961	Income Tax	AY 2009-10	1,999	-	-	1,999
		AY 2010-11	1,981	-	-	1,981
		AY 2011-12	1,482	-	-	1,482
		AY 2014-15	326	-	-	326
		AY 2015-16	*	-	-	*
Grand Total			11,390	2,128	759	14,277

\* Indicates amount less than ₹ 0.50 lacs

# A stay order has been obtained against the amount disputed and not been deposited.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company does not have any loans or borrowings from financial institutions and Government, nor has it issued any debentures during the year.
- (ix) According to the information and explanation given to us, the term loans have been applied by the Company during the year for the purpose for which they were obtained. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration for the year ended 31 March 2018 in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. However, as more fully described in Note 34 of the standalone Ind AS financial statements, we report that managerial remuneration for the year ended 31 March 2017 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto. We are informed by the management that the Company has filed a revised application with the Central Government, seeking approval of excess remuneration paid. Our report includes an Emphasis of Matters in this respect.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a

Nidhi company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Sreeja Marar**

Partner

Membership No: 111410

Mumbai

16 May 2018

## Annexure - B to the Independent Auditor's Report – 31 March 2018 on Standalone Ind AS Financial Statements

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to financial statements of Jyothy Laboratories Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting" issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements

was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management with reference to financial statements, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements

were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

Mumbai  
16 May 2018

**Sreeja Marar**  
Partner  
Membership No: 111410



# Balance Sheet

as at March 31, 2018

₹ in Lacs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3a	25,881.77	28,228.43
Capital work in progress	3b	1,527.40	802.80
Goodwill	3c	10,287.69	10,287.69
Other intangible assets	3c	12,757.62	15,648.71
<b>Financial assets</b>			
Investment in subsidiaries	4	716.03	665.40
Other investments	4	13,446.59	13,347.59
Trade receivables	5	669.92	569.27
Loans	6	758.81	698.09
Other financial assets	7	34.14	605.48
Deferred tax assets (net)	8	6,282.89	7,021.30
Non-current tax assets (net)	9	955.21	2,353.54
Other non-current assets	10	9,206.47	10,750.67
		<b>82,524.54</b>	<b>90,978.97</b>
<b>Current assets</b>			
Inventories	11	18,695.50	19,521.05
<b>Financial assets</b>			
Investments	12	10,392.79	1,408.09
Trade receivables	5	15,608.46	11,194.56
Cash and cash equivalent	13a	5,499.88	3,412.73
Other bank balances	13b	7,219.66	6,133.39
Other financial assets	7	785.79	258.87
Other current assets	10	5,101.91	3,033.48
Assets held for sale		68.05	68.05
		<b>63,372.04</b>	<b>45,030.22</b>
<b>Total assets</b>		<b>145,896.58</b>	<b>136,009.19</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	14	1,817.94	1,816.84
Other equity	15	66,527.54	63,547.80
<b>Total equity</b>		<b>68,345.48</b>	<b>65,364.64</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	16	-	-
Provisions	20	2,651.54	2,140.42
Other non-current liabilities	19	425.45	-
		<b>3,076.99</b>	<b>2,140.42</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	16	27,680.10	4,919.04
Trade payables	17	16,716.45	14,480.69
Other financial liabilities	18	21,039.74	41,272.30
Other current liabilities	19	5,288.18	4,431.94
Provisions	20	3,197.61	3,101.15
Current tax liabilities (net)	21	552.03	299.01
		<b>74,474.11</b>	<b>68,504.13</b>
<b>Total liabilities</b>		<b>77,551.10</b>	<b>70,644.55</b>
<b>Total equity and liabilities</b>		<b>145,896.58</b>	<b>136,009.19</b>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors of  
**Jyothy Laboratories Limited**  
CIN: L24240MH1992PLC128651

**For BSR & CO LLP**

Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sreeja Marar**

Partner  
Membership No: 111410

Mumbai  
May 16, 2018

**M.P. Ramachandran**

Chairman and Managing Director  
DIN: 00553406

**Shreyas Trivedi**

Company Secretary  
Membership No.: A12739

Mumbai  
May 16, 2018

**K.Ullas Kamath**

Joint Managing Director and Chief Financial Officer  
DIN: 00506681

# Statement of Profit and Loss

for the year ended March 31, 2018

₹ in Lacs

Particulars	Note No.	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>Income</b>			
Revenue from operations	22	171,762.19	169,815.90
Other income	23	2,995.11	1,140.08
<b>Total income (I)</b>		<b>174,757.30</b>	<b>170,955.98</b>
<b>Expenses</b>			
Cost of raw material and components consumed	24	56,661.54	51,679.07
Excise duty expense		1,788.97	6,619.41
Purchase of Stock in Trade		29,855.84	37,592.57
Changes in inventories of finished goods, stock in trade and work-in-progress	25	356.93	(608.22)
Employee benefits expense	26	16,801.23	14,967.09
Employee stock option expenses	26	(4.72)	236.30
Finance costs	27	4,234.75	5,088.91
Depreciation and amortisation expense	28	5,658.89	5,474.06
Other expenses	29	38,555.84	33,310.82
<b>Total expense (II)</b>		<b>153,909.27</b>	<b>154,360.01</b>
<b>Profit before tax (I-II)</b>		<b>20,848.03</b>	<b>16,595.97</b>
<b>Income tax</b>	30		
Current tax		4,227.37	2,645.67
Adjustment of tax relating to earlier periods		(143.65)	785.27
Deferred tax charge / (credit)		710.76	(7,039.47)
<b>Total Income tax</b>		<b>4,794.48</b>	<b>(3,608.53)</b>
<b>Profit for the year attributable to equity shareholders (A)</b>		<b>16,053.55</b>	<b>20,204.50</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement gains/ (losses) of post employment benefit obligation		79.14	(176.57)
<b>Income tax relative to items that will not be reclassified to profit or loss</b>			
Re-measurement gains/ (losses) of post employment benefit obligation	30	(27.65)	61.12
<b>Other comprehensive income for the year net of tax, attributable to equity shareholders (B)</b>		<b>51.49</b>	<b>(115.45)</b>
<b>Total comprehensive income for the year net of tax, attributable to equity shareholders (A+B)</b>		<b>16,105.04</b>	<b>20,089.05</b>
<b>EARNINGS PER SHARE (EPS)</b>	39		
Basic (₹)		8.83	11.12
Diluted (₹)		8.74	11.12
Nominal value per share (₹)		1.00	1.00
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For BSR & CO LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sreeja Marar**  
Partner  
Membership No: 111410

Mumbai  
May 16, 2018

For and on behalf of the Board of Directors of  
**Jyothy Laboratories Limited**  
CIN: L24240MH1992PLC128651

**M.P. Ramachandran**  
Chairman and Managing Director  
DIN: 00553406

**Shreyas Trivedi**  
Company Secretary  
Membership No.: A12739

Mumbai  
May 16, 2018

**K.Ullas Kamath**  
Joint Managing Director and Chief Financial Officer  
DIN: 00506681

# Statement of Changes in Equity

for the year ended March 31, 2018

## A. EQUITY SHARE CAPITAL

₹ in Lacs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Equity shares of ₹ 1 each issued, subscribed and fully paid</b>		
At the beginning of the period	1,816.84	1,811.20
Issue of share capital	1.10	5.64
At the end of the period	1,817.94	1,816.84

For further details, Refer Note 14

## B. OTHER EQUITY

₹ in Lacs

Particulars	Retained earnings	Capital reserves	Securities premium	Debenture redemption reserve (DRR)*	General reserves	Employee stock option outstanding	Total
<b>As at April 1, 2016</b>	(62,349.61)	6,514.46	47,958.10	13,680.03	35,460.67	4,138.72	45,402.37
Profit for the year	20,204.50	-	-	-	-	-	20,204.50
Other comprehensive income	(115.45)	-	-	-	-	-	(115.45)
<b>Total comprehensive income</b>	<b>20,089.05</b>	-	-	-	-	-	<b>20,089.05</b>
Transfer from DRR	13,680.03	-	-	6,250.00	-	-	19,930.03
Transfer to DRR	(6,250.00)	-	-	(13,680.03)	-	-	(19,930.03)
<b>Transaction with owners recorded directly in equity</b>							
<b>Contribution by and distribution to owners</b>							
Cash Dividends (Note 15)	(1,811.20)	-	-	-	-	-	(1,811.20)
Dividend Distribution Tax on Cash Dividends (Note 15)	(368.72)	-	-	-	-	-	(368.72)
Stock option granted /cancelled( Note 37)	-	-	-	-	-	236.30	236.30
Exercise of share options (Note 37)	-	-	981.32	-	-	(981.32)	-
<b>As at March 31, 2017</b>	<b>(37,010.45)</b>	<b>6,514.46</b>	<b>48,939.42</b>	<b>6,250.00</b>	<b>35,460.67</b>	<b>3,393.70</b>	<b>63,547.80</b>
Profit for the year	16,053.55	-	-	-	-	-	16,053.55
Other comprehensive income	51.49	-	-	-	-	-	51.49
<b>Total comprehensive income</b>	<b>16,105.04</b>	-	-	-	-	-	<b>16,105.04</b>
Transfer from general reserves	35,000.00	-	-	-	(35,000)	-	-
Transfer from DRR	5,000.00	-	-	(5,000.00)	-	-	-
Transfer to DRR	(3,750.00)	-	-	3,750.00	-	-	-
<b>Transaction with owners recorded directly in equity</b>							
<b>Contribution by and distribution to owners</b>							
Cash Dividends (Note 15)	(10,901.02)	-	-	-	-	-	(10,901.02)
Dividend Distribution Tax on Cash Dividends (Note 15)	(2,219.19)	-	-	-	-	-	(2,219.19)
Exercise of share options (Note 37)	-	-	189.02	-	-	(189.02)	-
Stock option granted /cancelled( Note 37)	-	-	-	-	-	(5.09)	(5.09)
<b>As at March 31, 2018</b>	<b>2,224.38</b>	<b>6,514.46</b>	<b>49,128.44</b>	<b>5,000.00</b>	<b>460.67</b>	<b>3,199.59</b>	<b>66,527.54</b>

\* The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the Company to create DRR out of profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures outstanding over the life of debentures.

As per our report of even date

For and on behalf of the Board of Directors of  
**Jyothy Laboratories Limited**  
CIN: L24240MH1992PLC128651

**For BSR & CO LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**M.P. Ramachandran**  
Chairman and Managing Director  
DIN: 00553406

**K.Ullas Kamath**  
Joint Managing Director and Chief Financial Officer  
DIN: 00506681

**Sreeja Marar**  
Partner  
Membership No: 111410

**Shreyas Trivedi**  
Company Secretary  
Membership No.: A12739

Mumbai  
May 16, 2018

Mumbai  
May 16, 2018

# Statement of Cash Flows

for the year ended March 31, 2018

₹ in Lacs

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:</b>		
Profit before tax	20,848.03	16,595.97
<b>Adjustments to reconcile profit before tax to net cash flows :</b>		
Depreciation and amortisation expense	5,658.89	5,474.06
Loss / (profit) on sale of fixed assets	(1,788.80)	71.11
Net change in fair value of financial assets measured at FVTPL	(45.03)	(267.09)
Loss on financial assets fair valued through profit or loss (OCPS)	24.88	-
Profit on sale of current investments	(286.26)	(78.94)
Finance costs	4,234.75	5,088.91
Interest income	(670.31)	(715.86)
Share of (profit) / loss from investment in partnership firm	3.87	(3.68)
Foreign exchange fluctuation gain (net)	(3.96)	(6.42)
Investment subsidy income	(71.53)	-
Provision for doubtful advances	-	55.00
Employee stock option expenses	(4.72)	236.30
<b>Operating profit before working capital changes</b>	<b>27,899.81</b>	<b>26,449.36</b>
Movements in working capital :		
Decrease / (increase) in loans	(60.72)	(121.88)
Decrease / (increase) in trade receivables	(4,510.59)	(2,893.63)
Decrease / (increase) in other financial assets	(405.92)	107.05
Decrease / (increase) in inventories	825.55	(1,149.68)
Decrease / (increase) in other assets	(443.21)	(2,095.23)
Increase/ (decrease) in trade payables	2,235.76	(1,171.52)
Increase/ (decrease) in other financial liabilities	39.83	(57.04)
Increase/ (decrease) in other liabilities	1,353.22	102.10
Increase / (decrease) in provisions	686.72	491.09
<b>Cash generated from operations</b>	<b>27,620.45</b>	<b>19,660.62</b>
Taxes paid (net)	(2,504.37)	(3,107.42)
<b>Net cash generated from operating activities ( A )</b>	<b>25,116.08</b>	<b>16,553.20</b>
<b>B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:</b>		
Purchase of fixed assets including capital work-in-progress and capital advances	(3,650.39)	(5,630.54)
Proceeds from sale of fixed assets	4,212.05	91.34
Proceeds from sale of Mutual funds	63,446.59	27,433.72
Investment in Mutual funds	(72,100.00)	(22,000.00)
(Investment in)/ maturity proceeds from fixed deposit (net)	(494.12)	(2,626.58)
Withdrawal from /(Investment) in partnership firm (net)	(54.49)	3.50
Interest income received	528.50	715.86
<b>Net cash (used in) investing activities ( B )</b>	<b>(8,111.86)</b>	<b>(2,012.70)</b>

# Statement of Cash Flows

for the year ended March 31, 2018 (Continued)

₹ in Lacs

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:</b>		
Finance cost paid	(4,378.92)	(15,454.89)
Proceeds from exercise of share options	1.10	5.64
Repayment of Debentures	(20,000.00)	(40,000.00)
Repayment of short-term borrowing	(42,615.81)	-
Proceeds from issue of debentures	-	40,000.00
Proceeds from short-term borrowings	65,196.78	4,919.04
Dividend paid	(10,901.02)	(1,811.20)
Dividend tax paid	(2,219.19)	(368.72)
<b>Net cash (used in) financing activities ( C )</b>	<b>(14,917.06)</b>	<b>(12,710.13)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>2,087.15</b>	<b>1,830.37</b>
Cash and cash equivalents at the beginning of the year	3,412.73	1,582.36
<b>Cash and cash equivalents at the end of the year</b>	<b>5,499.88</b>	<b>3,412.73</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	12.46	10.97
Balance with scheduled banks - current account	5,345.01	3,295.27
Unclaimed dividend accounts *	142.41	106.49
<b>Cash and cash equivalents considered for cash flows statement</b>	<b>5,499.88</b>	<b>3,412.73</b>

\* Not available for use by the management for any other purpose

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7), Statement of Cash Flows.

Summary of significant accounting policies

Note 2

As per our report of even date

**For BSR & CO LLP**

Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sreeja Marar**

Partner  
Membership No: 111410

Mumbai  
May 16, 2018

For and on behalf of the Board of Directors of

**Jyothy Laboratories Limited**

CIN: L24240MH1992PLC128651

**M.P. Ramachandran**

Chairman and Managing Director  
DIN: 00553406

**Shreyas Trivedi**

Company Secretary  
Membership No.: A12739

Mumbai  
May 16, 2018

**K.Ullas Kamath**

Joint Managing Director and Chief Financial Officer  
DIN: 00506681

# Notes

to the financial statements for the year ended March 31, 2018

## 1 CORPORATE INFORMATION

Jyothy Laboratories Limited ('the Company') is a public company domiciled in India. Its shares are listed on two stock exchanges in India. The registered office of the company is located at Ujala House, Ramakrishna Mandir Road, Kondivita, Andheri (E) Mumbai. The Company is principally engaged in manufacturing and marketing of fabric care, dishwashing, personal care and household insecticides products. These Financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors on May 16, 2018

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended.

The financial statements have been prepared on a historical cost basis, except for certain financial assets which have been measured at fair value. (Refer accounting policy regarding financial instruments)

The financial statements are presented in INR and all values are rounded to the nearest lacs, except when otherwise indicated.

### 2.2 Summary of significant accounting policies

#### a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

#### b. Foreign currencies

The Company's financial statements are presented in INR, which is also the company's functional currency.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.



# Notes

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## c. Fair value measurement

The Company measures financial instruments (Refer Note 2p) at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole ) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT)/ Goods and Service tax (GST) is not received by

# Notes

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the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

## Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

## Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

## e. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. By equal annual instalments.

## f. Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# Notes

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Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## **Sales tax / value added taxes / Goods and service tax paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the amount of Sales tax / value added taxes / Goods and service taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## **g. Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant part of plant and equipment are required to be replaced at intervals, the Company depreciate them separately based on their specific useful lives. All other repair and maintenance cost are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Category	Estimated useful life (in years)
Factory Buildings	10 to 30
Building (Other than Factory Building)	30 to 60
Building (Fences and temporary structure)	3 to 6
Plant and machinery	13 to 15
Furniture and fixtures	5 to 10
Dies and moulds	3
Computers	3 to 6
Office equipment's	5
Vehicles	6 to 10

# Notes

to the financial statements

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed finite as per table below -

Category	Estimated useful life (in years)
Trademarks and Copyrights	9-10
Brands	10
Software and Licences	10

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and

the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

## i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

## Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. An operating lease is a lease other than finance lease.

# Notes

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Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

## k. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## l. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or

Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's

# Notes

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recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually on reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

## m. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using

a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## n. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:



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- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

## **o. Share-based payments**

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

### **Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in employee stock option outstanding in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## **p. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Financial assets**

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories -

- 1 Debt instruments at amortised cost
- 2 Debt instruments at fair value through other comprehensive income (FVTOCI)
- 3 Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- 4 Equity instruments measured at fair value through other comprehensive income (FVTOCI)

# Notes

to the financial statements

The Company does not have any financial assets falling under category 2 and 4 above.

## Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

## Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

## Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL and are measured at fair value with all changes recognised in the profit or loss. For all other equity instruments, the Company may make an irrevocable election

to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) The Company has transferred substantially all the risks and rewards of the asset, or
  - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred

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asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

## Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below :

### Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

### Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

The Company does not have any financial liabilities at fair value through profit or loss.

## Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as

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the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

## Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which

are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### r. Cash dividend to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

# Notes

to the financial statements

## 3 A PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land <sup>@</sup>	Leasehold land	Building <sup>#</sup>	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total tangible assets
₹ in Lacs									
<b>Cost</b>									
<b>As at April 1, 2016</b>	<b>5,681.90</b>	<b>237.24</b>	<b>10,996.71</b>	<b>8,905.64</b>	<b>217.25</b>	<b>344.14</b>	<b>325.47</b>	<b>430.62</b>	<b>27,138.97</b>
Additions	939.79	-	1,197.33	2,628.87	571.18	72.18	182.54	115.69	5,707.58
Disposals	100.7	-	4.09	107.11	7.20	1.17	0.81	16.76	147.21
<b>As at March 31, 2017</b>	<b>6,611.62</b>	<b>237.24</b>	<b>12,189.95</b>	<b>11,427.40</b>	<b>781.23</b>	<b>415.15</b>	<b>507.20</b>	<b>529.55</b>	<b>32,699.34</b>
Additions	0.53	-	1,033.08	1,229.51	106.77	36.66	110.82	99.86	2,617.23
Disposals	2,033.33	-	232.62	412.05	5.10	15.83	4.06	3.15	2,706.14
<b>As at March 31, 2018</b>	<b>4,578.82</b>	<b>237.24</b>	<b>12,990.41</b>	<b>12,244.86</b>	<b>882.90</b>	<b>435.98</b>	<b>613.96</b>	<b>626.26</b>	<b>32,610.43</b>
Depreciation and impairment									
<b>As at April 1, 2016</b>	-	<b>3.75</b>	<b>495.20</b>	<b>1,325.43</b>	<b>92.59</b>	<b>76.50</b>	<b>108.35</b>	<b>94.74</b>	<b>2,196.56</b>
Depreciation charge for the year	-	3.75	534.31	1,391.94	127.96	77.85	108.10	94.45	2,338.36
Disposals	-	-	0.28	47.81	6.49	1.13	0.71	7.59	64.01
<b>As at March 31, 2017</b>	-	<b>7.50</b>	<b>1,029.23</b>	<b>2,669.56</b>	<b>214.06</b>	<b>153.22</b>	<b>215.74</b>	<b>181.60</b>	<b>4,470.91</b>
Depreciation charge for the year	-	3.74	629.05	1,507.19	126.88	75.87	114.09	83.82	2,540.64
Disposals	-	-	52.47	210.09	5.05	9.14	3.50	2.64	282.89
<b>As at March 31, 2018</b>	-	<b>11.24</b>	<b>1,605.81</b>	<b>3,966.66</b>	<b>335.89</b>	<b>219.95</b>	<b>326.33</b>	<b>262.78</b>	<b>6,728.66</b>
<b>Net book value</b>									
<b>As at March 31, 2018</b>	<b>4,578.82</b>	<b>226.00</b>	<b>11,384.60</b>	<b>8,278.20</b>	<b>547.01</b>	<b>216.03</b>	<b>287.63</b>	<b>363.48</b>	<b>25,881.77</b>
<b>As at March 31, 2017</b>	<b>6,611.62</b>	<b>229.74</b>	<b>11,160.72</b>	<b>8,757.84</b>	<b>567.17</b>	<b>261.93</b>	<b>291.46</b>	<b>347.95</b>	<b>28,228.43</b>

@ Freehold land and building includes asset which are not transferred in the name of the company amounting to ₹ 643.38 (Gross block) (2017 - ₹ 2,734.68).

These are held in the name of the entities which have been merged with the company in earlier years.

# Includes ₹ 374.31 (2017 - ₹ 374.31) represented by unquoted fully paid shares at cost in various co-operative societies.

a. The Company has not capitalised any borrowing cost in the current and previous year.

b. Refer note 16 for details of property, plant and equipment pledged as security for loans obtained.

c. Refer note 35 for details of assets given on lease.

## 3 B CAPITAL WORK IN PROGRESS

Capital work in progress as at March 31, 2018 is ₹ 1,527.40 (March 31, 2017 ₹ 802.80).

For contractual commitment with respect to property, plant and equipment refer note 35 B.

# Notes

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₹ in Lacs

## 3 C INTANGIBLE ASSETS

Particulars	Goodwill	Other intangible assets			Total Other intangible assets
		Brands	Trademarks and Copyrights®	Softwares and Licences	
<b>Cost</b>					
<b>As at April 1, 2016</b>	<b>10,287.69</b>	<b>21,256.20</b>	<b>85.48</b>	<b>301.19</b>	<b>21,642.87</b>
Additions	-	-	-	254.03	254.03
Disposals	-	-	-	-	-
<b>As at March 31, 2017</b>	<b>10,287.69</b>	<b>21,256.20</b>	<b>85.48</b>	<b>555.22</b>	<b>21,896.90</b>
Additions	-	-	-	227.16	227.16
Disposals	-	-	-	-	-
<b>As at March 31, 2018</b>	<b>10,287.69</b>	<b>21,256.20</b>	<b>85.48</b>	<b>782.38</b>	<b>22,124.06</b>
Amortisation and impairment					
<b>As at April 1, 2016</b>	-	<b>3,036.60</b>	<b>41.14</b>	<b>34.75</b>	<b>3,112.49</b>
Amortisation charge for the year	-	3,036.60	38.02	61.08	3,135.70
Disposals	-	-	-	-	-
<b>As at March 31, 2017</b>	-	<b>6,073.20</b>	<b>79.16</b>	<b>95.83</b>	<b>6,248.19</b>
Amortisation charge for the year	-	3,036.60	4.00	77.65	3,118.25
Disposals	-	-	-	-	-
<b>As at March 31, 2018</b>	-	<b>9,109.80</b>	<b>83.16</b>	<b>173.48</b>	<b>9,366.44</b>
<b>Net book value</b>					
<b>As at March 31, 2018</b>	<b>10,287.69</b>	<b>12,146.40</b>	<b>2.32</b>	<b>608.90</b>	<b>12,757.62</b>
<b>As at March 31, 2017</b>	<b>10,287.69</b>	<b>15,183.00</b>	<b>6.32</b>	<b>459.39</b>	<b>15,648.71</b>

@ Includes trademarks and copyrights of ₹ 81.22 (2017 - ₹ 81.22) pending for registration in the name of the Company.

### IMPAIRMENT

Goodwill is tested for impairment annually as at March 31<sup>st</sup>. No impairment charges were identified as at March 31, 2018.

Goodwill of ₹ 10,037.59 relates to the acquisition of erstwhile business of Henkel India Limited. Based on the purchase price allocation at the time of acquisition, brands were identified and recognised in the books and accordingly goodwill was determined. Since it is not practicable to allocate the goodwill to various reportable segments, the recoverable amount has been determined collectively for all brands acquired and compared with the carrying value of goodwill and brands together. Further, an amount of ₹ 250.10 pertains to Fabric Care segment and has been entirely allocated to this reportable segment.

Following key assumptions were considered while performing impairment testing : -

Terminal value growth rate - 5%

Growth rate - 14% - 18%

Weighted Average Cost of Capital % (WACC) (Discount rate) - 13%

The projections cover a period of five years, as we believe this to be the most appropriate timescale over which to review and consider annual performances, before applying a fixed terminal value growth rate to the final year cash flows. The growth rates used to estimate future performance (revenue, cost of goods sold, expenses etc) are based on the conservative estimates from past performance.

The recoverable amounts of the above CGU's have been assessed using a value-in-use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows.

We have performed sensitivity analysis around the base assumptions and have concluded that no reasonable change in key assumptions would cause the recoverable amount of CGU to be less than the carrying value.



# Notes

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₹ in Lacs

## 4 INVESTMENTS

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unquoted (fully paid)</b>		
<b>Investment in subsidiaries (at cost)</b>		
Jyothy Fabricare Services Limited		
9,800,000 (2017 - 9,800,000 equity shares of ₹ 10 (2017 - ₹ 10) each fully paid up	-	-
3,300,000 (2017 - 3,300,000) compulsory convertible preference shares of ₹ 100 (2017 - ₹ 100) each fully paid up	-	-
Jyothy Kallol Bangladesh Limited		
8,485,431 (2017 - 8,485,431) equity shares of BDT 10 (2017 - BDT 10) each fully paid up	580.47	580.47
M/s JFSL - JLL (JV) -Partnership Firm (Note 38)	135.55	84.93
	<b>716.03</b>	<b>665.40</b>
<b>Investment at fair value through profit and loss</b>		
<b>a) Investment in Subsidiaries</b>		
Jyothy Fabricare Services Limited #		
7,500,000 (2017- 7,500,000) 2% optionally convertible preference share of ₹10 (2017 - ₹ 10 ) each fully paid up	13,444.00	13,345.00
<b>b) Investment in Others</b>		
Henkel SPIC Employees Co-operative Thrift and Credit Society Limited*		
2,000(2017 - 2,000) equity shares of ₹ 100 (2017 - ₹ 100) each fully paid up	2.00	2.00
Capexil (Agencies) Ltd*		
5 (2017 -5) equity shares of ₹ 10,000 (2017- ₹ 10,000) each fully paid up	-	-
Madras Industrial Cooperative Analytical Laboratory Limited*		
2 (2017-2) equity shares of ₹ 500 (2017- ₹ 500) each fully paid up	-	-
Ambattur Industrial Estate Manufacturers Service Industrial Cooperative Society Ltd*		
1 (2017- 1) equity shares of ₹ 100 (2017- ₹ 100) each fully paid up	-	-
<b>c) Investment in Government Securities</b>		
Indira Vikas Patra*	0.02	0.02
National Saving Certificates (Pledged with Government authorities)*	0.57	0.57
	<b>13,446.59</b>	<b>13,347.59</b>
	<b>14,162.61</b>	<b>14,012.99</b>
Aggregate value of unquoted investments	<b>14,162.61</b>	<b>14,012.99</b>
Aggregate amount of impairment in value of investments	-	-

# Optionally convertible preference shares are considered as financial asset valued through profit or loss as the contractual terms of the asset do not give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

\* Investment at fair value through profit or loss reflect investment in unquoted equity securities. Since the amount is not material, the fair value disclosure have not been made. For others, Refer Note 43 and 44.

## 5 TRADE RECEIVABLES (UNSECURED)

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Considered good</b>	669.92	569.27	15,608.46	11,194.56
<b>Considered doubtful</b>	-	-	1,174.34	1,174.34
	<b>669.92</b>	<b>569.27</b>	<b>16,782.80</b>	<b>12,368.90</b>
Less: Loss allowance	-	-	(1,174.34)	(1,174.34)
	<b>669.92</b>	<b>569.27</b>	<b>15,608.46</b>	<b>11,194.56</b>
Trade receivables	669.92	569.27	15,608.46	11,179.89
Receivable from related parties (Note 34)	-	-	-	14.67
	<b>669.92</b>	<b>569.27</b>	<b>15,608.46</b>	<b>11,194.56</b>

# Notes

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₹ in Lacs

## 5 TRADE RECEIVABLES (UNSECURED) (Continued)

Trade receivable are non interest bearing and are generally on advance term or for a term of 15-30 days.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer Note 34.

The Company exposure to credit and currency risk, and loss allowance related to trade receivables are disclose in note 44.

## 6 LOANS (UNSECURED, CONSIDER GOOD, UNLESS OTHERWISE STATED)

Particulars	NON CURRENT	
	As at March 31, 2018	As at March 31, 2017
Security deposit	764.20	719.13
Less: Loss allowance	(5.39)	(21.04)
	<b>758.81</b>	<b>698.09</b>

## 7 OTHER FINANCIAL ASSETS

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Fixed deposit with Banks having remaining maturity of more than 12 months( Note 13b)	34.14	484.48	-	-
Investment Subsidy Receivable	-	-	568.51	-
Staff Loans	-	-	91.78	154.43
Other receivables	-	121.00	125.50	125.50
Less: Loss allowance	-	-	-	(21.06)
	<b>34.14</b>	<b>605.48</b>	<b>785.79</b>	<b>258.87</b>
<b>Break up of financial assets carried at amortised cost</b>				
Trade receivables ( Note 5)	669.92	569.27	15,608.46	11,194.56
Loans ( Note 6 )	758.81	698.09	-	-
Other financial assets ( Note 7)	34.14	605.48	785.79	258.87
Cash and cash equivalent and other bank balances( Note 13a and 13b)	-	-	12,719.54	9,546.12
<b>Total financial assets carried at amortised cost</b>	<b>1,462.87</b>	<b>1,872.84</b>	<b>29,113.79</b>	<b>20,999.55</b>

# Notes

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## 8 DEFERRED TAX ASSETS (NET)

Particulars	NON CURRENT	
	As at March 31, 2018	As at March 31, 2017
<b>a) Deferred tax liability</b>		
Depreciation	9,950.62	10,177.04
Freehold Land	-	351.26
Fair value adjustments	15.74	2.80
	<b>9,966.36</b>	<b>10,531.10</b>
<b>b) Deferred tax assets</b>		
Provision for gratuity	926.55	740.76
Provision for leave encashment	357.08	318.87
Provision for doubtful debts	410.36	406.42
Provision for doubtful advances	174.80	548.69
Other provisions	760.24	752.93
Other disallowances	46.12	58.69
Carry forward losses and unabsorbed depreciation *	-	2,885.98
Tax credit (MAT)	13,574.10	11,840.06
	<b>16,249.25</b>	<b>17,552.40</b>
<b>Net deferred tax assets</b>	<b>6,282.89</b>	<b>7,021.30</b>

\* From the effective date of the merger, the conditions of reasonable certainty for utilisation of unused tax losses of JCPML are met in accordance with the Ind AS 12 Income Taxes and accordingly the Company has recognised deferred tax assets on these losses.

## 9 NON-CURRENT TAX ASSETS (NET)

Particulars	NON CURRENT	
	As at March 31, 2018	As at March 31, 2017
Advance income tax (net of provisions of ₹ 17,706.53 ( 2017 - ₹ 14,267.10))	955.21	2,353.54
	<b>955.21</b>	<b>2,353.54</b>

## 10 OTHER NON-CURRENT ASSETS

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Capital Advances	436.18	355.16	-	-
Advance to suppliers *	494.85	494.85	1,476.04	1,326.51
Balance with government authorities and protest payments* (Note 40)	8,178.29	9,970.51	3,203.95	1,806.33
Prepaid Expenses	-	-	220.19	470.73
Other receivables	592.00	592.00	201.73	311.41
Less: Loss allowance	(494.85)	(661.85)	-	(881.50)
	<b>9,206.47</b>	<b>10,750.67</b>	<b>5,101.91</b>	<b>3,033.48</b>

Note:

\* Advances to suppliers and Balance with government authorities and protest payments include ₹ 494.85 (2017 - ₹ 494.85) and ₹ Nil (2017 - ₹ 1,048.50) respectively. Consider doubtful and fully provided for.

# Notes

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₹ in Lacs

## 11 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

Particulars	CURRENT	
	As at March 31, 2018	As at March 31, 2017
Raw and packing materials	4,728.90	5,310.41
Work in progress	1,915.08	1,525.59
Finished goods manufactured @	8,735.00	8,437.81
Stock in trade ( including goods in transit ₹ 272.82 ( 2017- ₹ 165.47))	2,409.78	3,453.39
Stores and spare parts	428.01	401.79
Promotion materials	478.73	392.06
	<b>18,695.50</b>	<b>19,521.05</b>

@ Finished goods includes goods purchased for re-sale, as both are stocked together.

Inventories are net of provision of ₹ 1,718.23 (2017 - ₹ 1,159.97) on account of damage and slow moving inventories.

Inventories (including above) pledge as a securities for borrowing (Refer Note 16)

## 12 INVESTMENTS

Particulars	CURRENT	
	As at March 31, 2018	As at March 31, 2017
Investment at Fair value through profit and loss		
Axis Liquid Fund - Growth		
4,74,784.95 (2017 - 38,946.29) units of ₹ 1,000 (2017 - ₹ 1,000) each	9,151.63	702.29
Axis Treasury Advantage Fund - Growth		
41,342.91 (2017 - 38,231.93) units of ₹ 1,000 (2017 - ₹ 1000) each	818.94	705.80
Kotak Liquid Direct Plan - Growth		
11,988.30 (2017 - Nil ) units of ₹ 1,000 (2017 - ₹ Nil) each	422.22	-
	<b>10,392.79</b>	<b>1,408.09</b>
Aggregate book and market value of quoted investments	10,392.79	1,408.09

For determination of fair values, refer Note 42

## 13 CASH AND BANK BALANCES

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>(a) Cash and cash equivalents</b>				
Cash in hand	-	-	12.46	10.97
Balance with banks - Current account	-	-	5,345.01	3,295.27
Unclaimed dividend accounts	-	-	142.41	106.49
	-	-	<b>5,499.88</b>	<b>3,412.73</b>
<b>(b) Other bank balances</b>				
Deposits with original maturity for more than 3 months and upto 12 months*	-	-	4,712.37	-
Deposits with original maturity for more than 12 months*	34.14	484.48	2,507.29	6,133.39
Amount disclosed under 'other financial assets' (Note 7)	(34.14)	(484.48)	-	-
	-	-	<b>7,219.66</b>	<b>6,133.39</b>
	-	-	<b>12,719.54</b>	<b>9,546.12</b>

\* Includes deposits provided as securities against bank guarantees and debenture redemption reserves - ₹ 5,581.27 ( 2017 - ₹ 3,044.13)

# Notes

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₹ in Lacs

## 14 SHARE CAPITAL

Particulars	As at March 31, 2018	As at March 31, 2017
<b>AUTHORISED CAPITAL</b>		
2,720,000,000 (2017 - 2,720,000,000) equity shares of ₹ 1 (2017 - ₹ 1) each	27,200.00	27,200.00
30,000 (2017 - 30,000) 11% cumulative preference shares of ₹ 100 (2017 - ₹ 100) each	30.00	30.00
	<b>27,230.00</b>	<b>27,230.00</b>

### Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### a) Reconciliation of the shares outstanding and at the end of the reporting period

ISSUED EQUITY CAPITAL	As at March 31, 2018		As at March 31, 2017	
	No.	Amount	No.	Amount
<b>Equity shares of ₹ 1 each issued, subscribed and fully paid</b>				
At the beginning of the period	181,683,724	1,816.84	181,119,680	1,811.20
Issued during the year ( Note 37)	110,363	1.10	564,044	5.64
<b>Outstanding at the end of the period</b>	<b>181,794,087</b>	<b>1,817.94</b>	<b>181,683,724</b>	<b>1,816.84</b>

### b) Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2018		As at March 31, 2017	
	No.	% Holding in the class	No.	% Holding in the class
Equity shares of ₹ 1 each fully paid				
M. P. Ramachandran	70,136,948	38.58%	70,136,948	38.60%
Sahyadri Agencies Limited	15,000,000	8.25%	15,000,000	8.26%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

### c) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars	As at March 31, 2018 No.	As at March 31, 2017 No.
Equity shares allotted as fully paid bonus shares by capitalization of securities premium (FY 2013 - 2014)	2,379,748	2,379,748
Equity shares issued for consideration other than cash, pursuant to scheme of amalgamation with erstwhile Jyothy Consumer Products Limited (JCPL) (FY 2013 - 2014)	2,379,748	2,379,748
	<b>4,759,496</b>	<b>4,759,496</b>

In addition the company has issued 770,591(2017 - 660,228) equity shares during the period of five years immediately preceding the reporting date on exercise of option granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

### d) Shares reserved for issue under option

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 37.

# Notes

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₹ in Lacs

## 15 OTHER EQUITY

Refer Statement of Changes in Equity for detailed movement in Equity balance.

### A. Summary of Other Equity balance.

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Retained earnings</b>		
Balance, beginning of the year	(37,010.45)	(62,349.61)
Profit for the year	16,053.55	20,204.50
Other Comprehensive Income	51.49	(115.45)
Transfer from General reserves	35,000.00	-
Cash dividend ( Note 14(i) )	(10,901.02)	(1,811.20)
Dividend distributions tax (DDT) ( Note 14(ii))	(2,219.19)	(368.72)
Transfer from Debenture Redemption Reserve	5,000.00	13,680.03
Transfer to Debenture Redemption Reserve	(3,750.00)	(6,250.00)
<b>Net surplus in the statement of profit and loss</b>	<b>2,224.38</b>	<b>(37,010.45)</b>
<b>Other Reserves</b>		
<b>Capital Reserve</b>		
Balance, beginning of the year	6,514.46	6,514.46
Balance, end of the year	6,514.46	6,514.46
<b>Securities premium</b>		
Balance, beginning of the year	48,939.42	47,958.10
Add: Increase on issuance of share capital under ESOP scheme ( Note 38)	189.02	981.32
<b>Balance, end of the year</b>	<b>49,128.44</b>	<b>48,939.42</b>
<b>Debenture Redemption Reserve (DRR)</b>		
Balance, beginning of the year	6,250.00	13,680.03
Add: Amount transferred from retained earning	3,750.00	6,250.00
Less: Amount transferred to retained earning	(5,000.00)	(13,680.03)
<b>Balance, end of the year</b>	<b>5,000.00</b>	<b>6,250.00</b>
<b>General reserves</b>		
Balance, beginning of the year	35,460.67	35,460.67
Less: Transfer to Retained earnings*	(35,000.00)	-
<b>Balance, end of the year</b>	<b>460.67</b>	<b>35,460.67</b>
<b>Employee stock option outstanding ( Note 38 )</b>		
Balance, beginning of the year	3,393.70	4,138.72
Add: Compensation on stock option granted during the year	(5.09)	236.30
Less: Transfer to securities premium on exercise of stock options	(189.02)	(981.32)
	<b>3,199.59</b>	<b>3,393.70</b>
	<b>66,527.54</b>	<b>63,547.80</b>

\* The Board of Directors of the Company in their meeting held on May16, 2018 resolved to transfer from balance available in General Reserves of ₹ 35,000 Lacs to the Retained Earnings.



# Notes

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₹ in Lacs

## 15 OTHER EQUITY (Continued)

### B. Nature and purpose of reserves

- Retained earnings - Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.
- Capital reserves - During amalgamation, the excess of net assets taken, over the cost of consideration paid is treated as capital reserve.
- Securities premium - The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve
- Debenture redemption reserve (DRR) - The money set aside can be used for payment of interest or redeemable debentures maturing during the year.
- General reserves -The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
- Employee stock option outstanding - The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

### C. Distribution made and Proposed

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Cash dividend on equity shares declared and paid :</b>		
Final dividend for the year ended March 31, 2017 ₹ 6 per share, ( 2016 ₹ 1 per share)	10,901.02	1,811.20
Dividend distribution tax on final dividend	2,219.19	368.72
	<b>13,120.21</b>	<b>2,179.92</b>
<b>Proposed dividends on equity shares : *</b>		
Final dividend for the year ended March 31, 2018 ₹ 0.50 per share, (2017 ₹ 6 per share)	1,817.94	10,901.02
Dividend distribution tax on final dividend	373.68	2,219.19
	<b>2,191.62</b>	<b>13,120.21</b>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as liability ( including DDT thereon ) as at March 31.

\* The Board of Directors recommended issue of Bonus shares to the members of the Company by capitalization of the securities premium in the ratio of 1 (One) bonus equity shares of ₹ 1 each fully paid for every 1 (one) existing equity shares of ₹ 1 fully paid up, held by the members as on record date to be fixed later for the same. This Bonus issue is subject to approval of the shareholders. The proposed dividend, as disclosed above, includes dividend on such bonus shares.

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₹ in Lacs

## 16 BORROWINGS

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Redeemable non-convertible debentures (Secured)				
2000 (2017 - 4,000) debentures of ₹ 10,00,000 (2017 - ₹ 10,00,000) each (Note 1 below)	20,000.00	40,000.00	-	-
Deferred payment liability (unsecured) (Note 2 below)	180.00	180.00	-	-
Commercial paper (unsecured) (Note 3 below)	-	-	-	4,919.04
Term Loan from Bank (Secured) (Note 4 below)	-	-	10,064.89	-
Loan from Bank (Secured) (Note 5 below)	-	-	10,064.89	-
Unsecured Loans from Banks (Note 6 below)	-	-	7,550.32	-
Amount disclosed under 'Other financial liabilities' (Note 18)	(20,180.00)	(40,180.00)	-	-
	-	-	<b>27,680.10</b>	<b>4,919.04</b>

### Note :

- 1) Company had issued 4,000 unlisted, non-convertible debentures of ₹ 10 lacs each aggregating to ₹ 40,000 lacs. These debentures carry an interest of 7.2% p.a upto March 31, 2017, 7.5% p.a from April 1, 2017 to November 30, 2017 and 8% p.a from December 1, 2017 to November 9, 2018. 25% of the debenture amount is repaid on February 1, 2018 and 25% on February 8, 2018, while the balance 50% is repayable at par at the end of 23rd month from the date of allotment. The debenture terms give call option / put option to the issuer / holder, the exercise price being at par. However, these are embedded derivative which are closely related to the host contract and accordingly under IND AS 109, they have not been separately accounted for. These debenture are secured by negative lien on fixed assets of the Company and do not carry any debt covenant.
- 2) Deferred payment liability represent amount payable under the memorandum of understanding (MOU) entered into with the DRDE/DRDO of the Ministry of Defence, Government of India for transfer of technology for certain products. These are due for payment as per the Agreement.
- 3) During the previous year, Company has taken commercial paper at 6.75% and same is repaid on June 28, 2017.
- 4) During the year, Company taken secured term loan of ₹ 10,000 lacs at interest at 7.64% and repayable on February 05, 2023. The term loan terms give call option / put option to the issuer / holder and are secured by negative lien on fixed assets of the Company.
- 5) During the year, Company taken secured short term loan of ₹ 10,000 lacs at interest at 7.64% and repayable on August 20, 2018. These loan are secured by stock and book debt of the Company.
- 6) During the year, Company taken unsecured short term loan of ₹ 7,500 lacs at interest at 7.9% p.a. and same is repayable on July 26, 2018.

# Notes

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## 17 TRADE PAYABLES

Particulars	CURRENT	
	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of micro enterprises and small enterprises (refer note 36 for details of dues to micro and small enterprises)	2,809.21	2,778.61
Total outstanding dues of creditors other than micro enterprises and small enterprises	13,907.24	11,702.08
	<b>16,716.45</b>	<b>14,480.69</b>

## 18 OTHER FINANCIAL LIABILITIES

Particulars	CURRENT	
	As at March 31, 2018	As at March 31, 2017
Financial guarantee liabilities	123.88	22.40
Interest accrued but not due on loans	531.86	928.13
Security deposits	61.58	35.28
Unclaimed dividend *	142.42	106.49
Current maturities of long term borrowings (Note 16)#	20,180.00	40,180.00
	<b>21,039.74</b>	<b>41,272.30</b>

\* There are no amounts payable / due to be credited to Investor Education and Protection Fund.

# Refer Note 16 above. As the holder of debentures have a put option at the end of 12 months from the date of allotment i.e. December 9, 2016 and on the last day of every calendar month thereafter, the entire amount of debentures have been disclosed as current maturities.

For explanation on the Companies credit risk management processes, refer Note 44

Terms and conditions of the above financial liabilities:

- 1) Trade payables are non-interest bearing and are normally settled on 30-60 days term.
- 2) Other payable are non interest bearing and are settled within a year.
- 3) Interest payable is settled as per the term of the borrowings.

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Break up of financial liabilities carried at amortised cost				
Borrowings ( Note 16)	-	-	27,680.10	4,919.04
Trade payables ( Note 17)	-	-	16,716.45	14,480.69
Other financial liabilities ( Note 18)	-	-	21,039.74	41,272.30
Total of financial liabilities carried at amortised cost	-	-	<b>65,436.29</b>	<b>60,672.03</b>

# Notes

to the financial statements

₹ in Lacs

## 19 OTHER LIABILITIES

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Statutory dues	-	-	1,317.38	2,048.97
Deferred investment subsidy (a)	425.45	-	71.53	-
Advances from customers	-	-	390.06	369.00
Advances towards asset held for sale	-	-	20.00	20.00
Contractual Obligation	-	-	3,489.21	1,993.97
	<b>425.45</b>	<b>-</b>	<b>5,288.18</b>	<b>4,431.94</b>

- (a) The Company has been awarded grants on account of Central capital investment subsidy (CCIS) of ₹568.51 and grants recognised as deferred income, is being amortised over the useful life of the assets in proportion to the usage of the related assets.

## 20 PROVISIONS

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Provision for employee benefits</b>				
Provision for leave encashment	-	-	1,022.02	921.39
Provision for gratuity (Note 31)	2,651.54	2,140.42	-	-
	2,651.54	2,140.42	1,022.02	921.39
<b>Other provisions #</b>				
Provision for wealth tax	-	-	-	4.17
Provision for litigation	-	-	2,175.59	2,175.59
Other provisions	-	-	2,175.59	2,179.76
	<b>2,651.54</b>	<b>2,140.42</b>	<b>3,197.61</b>	<b>3,101.15</b>

Particulars	CURRENT	
	As at March 31, 2018	As at March 31, 2017
<b># Movements in other provisions</b>		
Balance as at 1st April	2,179.76	2,179.76
Arising during the year	-	300.00
Reversal during the year	(4.17)	(300.00)
Balance as at 31st March	<b>2,175.59</b>	<b>2,179.76</b>

## 21 CURRENT TAX LIABILITIES (NET)

Particulars	CURRENT	
	As at March 31, 2018	As at March 31, 2017
Provision for income tax (net of advance tax of ₹3,747.34 (2017 ₹ 3,131,28))	552.03	299.01
	<b>552.03</b>	<b>299.01</b>

# Notes

to the financial statements

₹ in Lacs

## 22 REVENUE FROM OPERATIONS

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Sale of goods (including excise duty)	170,274.86	169,632.95
	<b>170,274.86</b>	<b>169,632.95</b>
<b>Other operating revenues</b>		
Export incentives	47.35	37.31
Sale of scrap	71.86	32.83
Agricultural income	2.85	6.92
Budgetary support benefit under GST	1,287.51	-
Others	77.76	105.89
	1,487.33	182.95
	<b>171,762.19</b>	<b>169,815.90</b>

Sale of goods includes excise duty collected from customer of ₹ 1,434.54 lacs (March 2017- ₹ 6,453.30 lacs).  
Sales of goods net of excise duty is ₹168,840.32 lacs (March 31, 2017 - ₹163,179.65 lacs).

## 23 OTHER INCOME

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Lease rent income (Note 35A)	13.79	5.37
Foreign exchange fluctuation gain (net)	-	64.62
Net change in fair value of financial assets measured at FVTPL	45.03	267.09
Profit on sale of current investments	286.26	78.94
Profit on sale of fixed assets	1,788.80	7.38
Investment subsidy income	71.53	-
Interest on fixed deposit	406.49	608.80
Interest on capital invested in partnership firm	12.83	11.12
Interest on Income tax Refund	118.95	1.64
Interest others	250.99	94.30
Miscellaneous income	0.44	0.82
	<b>2,995.11</b>	<b>1,140.08</b>

## 24 COST OF RAW MATERIALS AND COMPONENTS CONSUMED

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Inventory at the beginning of the year	5,310.41	4,923.16
Add: Purchases	56,080.03	52,066.32
	<b>61,390.44</b>	<b>56,989.48</b>
Less: Inventory at the end of the year	4,728.90	5,310.41
	<b>56,661.54</b>	<b>51,679.07</b>

# Notes

to the financial statements

₹ in Lacs

## 25 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>Closing inventory</b>		
Finished goods	8,735.00	8,437.81
Traded goods	2,409.78	3,453.39
Work in progress	1,915.08	1,525.59
	<b>13,059.86</b>	<b>13,416.79</b>
<b>Opening inventory</b>		
Finished goods	8,437.81	8,084.90
Traded goods	3,453.39	3,175.95
Work in progress	1,525.59	1,547.72
	<b>13,416.79</b>	<b>12,808.57</b>
<b>Total</b>	<b>356.93</b>	<b>(608.22)</b>

## 26 EMPLOYEE BENEFITS EXPENSE

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Salaries, wages and bonus	12,978.72	11,779.87
Contribution to provident and other funds	985.57	901.26
Gratuity (Note 31(ii))	590.26	325.09
Staff welfare expenses	596.30	618.87
Directors' remuneration (Note 34)	1,263.63	1,067.00
Field staff incentives	386.75	275.00
<b>Sub-total (A)</b>	<b>16,801.23</b>	<b>14,967.09</b>
Employee stock option expenses (Note 37)	(4.72)	236.30
<b>Sub-total (B)</b>	<b>(4.72)</b>	<b>236.30</b>
<b>Total (A+B)</b>	<b>16,796.51</b>	<b>15,203.39</b>

## 27 FINANCE COST

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Interest on bank overdraft and loan	1,153.95	698.26
Redemption Premium / Interest accrued on debentures	2,791.47	4,321.43
Interest on Income tax	233.92	-
Other borrowing cost	55.41	69.22
	<b>4,234.75</b>	<b>5,088.91</b>

## 28 DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Depreciation on tangible assets	2,540.64	2,338.36
Amortization of intangible assets	3,118.25	3,135.70
	<b>5,658.89</b>	<b>5,474.06</b>



# Notes

to the financial statements

₹ in Lacs

## 29 OTHER EXPENSES

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Power and fuel expenses	2,145.25	1,901.58
Rent (Note 35)	1,645.72	1,418.94
Insurance	174.49	126.55
Repairs and maintenance		
- Building	53.14	94.46
- Plant and machinery	260.97	144.14
- Others	230.31	278.69
Consumption of stores and spares	510.73	635.28
Research and development	76.74	109.99
Printing and stationery	47.00	65.11
Communication costs	220.01	286.59
Legal and professional fees (Note 32)	1,051.36	1,226.31
Rates and taxes	279.75	595.45
Directors' sitting fees	3.85	5.85
Vehicle maintenance	137.39	175.42
Donation	3.83	6.18
Provision for doubtful advances	-	55.00
Loss on fixed assets discarded	-	60.29
Loss on sale of assets held for sale	-	18.20
Conversion charges	322.92	996.33
Advertisement and sales promotion expense	16,287.65	11,759.11
Freight, handling and forwarding charges	10,270.06	10,061.56
Field staff expenses	1,538.96	1,498.76
Travelling and conveyance	359.62	444.83
Royalty	298.85	287.94
Corporate social responsibility expenses (Note 32)	508.78	244.43
Share of (profit)/loss in partnership firm	3.87	(3.68)
Miscellaneous expenses	2,124.59	817.51
	<b>38,555.84</b>	<b>33,310.82</b>

## 30 INCOME TAX

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>a. Profit or loss section</b>		
<b>Income tax expenses</b>		
<b>Current tax</b>		
Current period	4,227.37	2,645.67
Adjustment of tax relating to earlier periods	(143.65)	785.27
	<b>4,083.72</b>	<b>3,430.94</b>
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	710.76	(7,039.47)
	<b>4,794.48</b>	<b>(3,608.53)</b>

# Notes

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₹ in Lacs

## 30 INCOME TAX (Continued)

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>b. OCI Section</b>		
<b>Deferred tax related to items recognised in OCI during the year :</b>		
Net loss /(gain) on remeasurements of defined benefit plans	(27.65)	61.12
	<b>(27.65)</b>	<b>61.12</b>
<b>c. Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate</b>		
Accounting profit before tax	20,848.03	16,595.97
Tax rate	34.608%	34.608%
Tax at statutory rate	7,215.09	5,743.53
<b>Less:</b>		
Deferred tax assets created pursuant to merger of JCPML*	-	(9,579.80)
Income tax incentives	(3,106.19)	(371.95)
Corporate social responsibility expenditure	176.08	84.59
Unrealised gain on FVTPL financial assets (in absence of reasonable certainty of long term capital gain)	(43.26)	(89.63)
Deduction under various Section of Income Tax Act, 1961	(41.53)	-
Expenses not deductible for tax purposes	80.96	-
Long Term Capital Gains on sale of land taxed at different rate	(211.08)	-
Adjustment to current tax of prior periods	(143.65)	785.27
Expenses / Losses disallowance under Income tax	704.02	-
Others	164.04	(180.54)
<b>Adjusted tax expense</b>	<b>4,794.48</b>	<b>(3,608.53)</b>
<b>Tax expense</b>	<b>4,794.48</b>	<b>(3,608.53)</b>

\* Pursuant to merger of JCPML during the previous year, the condition of reasonable certainty for utilization of unused tax losses as per Ind AS 12 - 'Income taxes' are met on effective date of the merger and accordingly, the deferred tax assets has been recognised on such unused tax losses.

### d. Deferred tax Assets and Liabilities

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Deferred tax assets	6,282.89	7,021.30
<b>Net deferred tax assets and (liabilities)</b>	<b>6,282.89</b>	<b>7,021.30</b>

### e. Movement in Deferred tax Assets and Liabilities

Movement during the year ended March 31, 2017	As at March 31, 2016	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	On account of Merger	As at March 31, 2017
<b>Deferred tax assets /(liability)</b>					
Depreciation	(10,978.90)	801.86	-	-	(10,177.04)
Freehold Land	(353.64)	2.38	-	-	(351.26)
Fair value adjustments	(45.28)	42.48	-	-	(2.80)
Provision for gratuity	565.04	114.60	61.12	-	740.76
Provision for leave encashment	255.66	63.21	-	-	318.87
Provision for doubtful debts	113.44	292.98	-	-	406.42
Provision for doubtful advances	523.79	24.90	-	-	548.69

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## 30 INCOME TAX (Continued)

Movement during the year ended March 31, 2017	As at March 31, 2016	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	On account of Merger	As at March 31, 2017
Other provisions	568.27	184.66	-	-	752.93
Other disallowances	77.94	(19.25)	-	-	58.69
Carry forward losses and unabsorbed depreciation	-	-	-	2,885.98	2,885.98
Tax credit (MAT)	9,194.39	2,645.67	-	-	11,840.06
	<b>(79.29)</b>	<b>4,153.49</b>	<b>61.12</b>	<b>2,885.98</b>	<b>7,021.30</b>

Movement during the year ended March 31, 2018	As at March 31, 2017	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	On account of Merger	As at March 31, 2018
<b>Deferred tax assets /(liability)</b>					
Depreciation	(10,177.04)	226.42	-	-	(9,950.62)
Freehold Land	(351.26)	351.26	-	-	-
Fair value adjustments	(2.80)	(12.94)	-	-	(15.74)
Provision for gratuity	740.76	213.44	(27.65)	-	926.55
Provision for leave encashment	318.87	38.21	-	-	357.08
Provision for doubtful debts	406.42	3.94	-	-	410.36
Provision for doubtful advances	548.69	(373.89)	-	-	174.80
Other provisions	752.93	7.31	-	-	760.24
Other disallowances	58.69	(12.57)	-	-	46.12
Carry forward losses and unabsorbed depreciation	2,885.98	(2,885.98)	-	-	-
Tax credit (MAT)	11,840.06	1,734.04	-	-	13,574.10
	<b>7,021.30</b>	<b>(710.76)</b>	<b>(27.65)</b>	<b>-</b>	<b>6,282.89</b>

## 31(I) GRATUITY

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India (LIC).

The following tables summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

	March 31, 2018	March 31, 2017
	<b>Gratuity</b>	<b>Gratuity</b>
	<b>Funded</b>	<b>Funded</b>
<b>(A) Summary of the Actuarial Assumptions</b>		
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Discount rate	7.90%	7.10%
Rate of increase in compensation	8.00%	8.00%
Withdrawal rates	9.00%	10.00%
The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.		

# Notes

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₹ in Lacs

## 31(I) GRATUITY (Continued)

	March 31, 2018	March 31, 2017
<b>(B) Changes in present value of obligations (PVO)</b>		
PVO at beginning of period	2,460.29	2,007.10
Interest cost	174.56	156.44
Current Service Cost	225.18	196.62
Benefits Paid	(62.78)	(62.48)
Past Service Cost	213.22	-
Actuarial changes arising from changes in demographic assumptions	(0.63)	-
Re-measurement changes arising from changes in financial assumptions	(150.99)	109.63
Experience adjustments	58.68	52.98
PVO at end of period	2,917.53	2,460.29
<b>(C) Changes in fair value of plan assets</b>		
Fair value of plan assets at the beginning of period	319.87	363.62
Investment Income	22.69	28.34
Benefit paid	(62.78)	(58.13)
Return on plan assets	(13.79)	(13.96)
Fair value of plan assets at end of period	265.99	319.87
<b>(D) Expenses recognised in the statement of profit and loss</b>		
Current service cost	225.18	196.62
Past Service Cost	213.22	-
Net Interest cost on the Net Defined Benefit Liability / (Asset)	151.86	128.47
Expense recognised in the statement of profit and loss	590.26	325.09
<b>(E) Remeasurement gains/(losses) in other comprehensive income</b>		
Return on plan assets	13.79	13.96
Actuarial changes arising from changes in demographic assumptions	(0.62)	-
Re-measurement changes arising from changes in financial assumptions	(150.99)	109.63
Experience adjustments	58.68	52.98
<b>Total amount recognised in OCI</b>	<b>(79.14)</b>	<b>176.57</b>
<b>(F) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:</b>		
Investment with insurer	100%	100%
<b>(G) Net Assets/(Liabilities) recognised in the balance sheet</b>		
PVO at end of period	(2,917.53)	(2,460.29)
Fair value of plan assets at end of period	265.99	319.87
Funded status (deficit in fair value of plan assets over PVO)	(2,651.54)	(2,140.42)
Net assets / (Liability) recognised in the balance sheet	(2,651.54)	(2,140.42)

These defined benefit plan exposed to actuarial risk, such as longevity risk, currency risk, interest rate risk and market risk.

Fund is Managed by LIC as per Insurance Regulatory and Development Authority guidelines, category-wise composition of the plan assets is not available.

### (H) Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

# Notes

to the financial statements

₹ in Lacs

## 31(I) GRATUITY (Continued)

The results of sensitivity analysis is given below:

Particulars	March 31, 2018	March 31, 2017
Defined Benefit Obligation (Base)	2,917.53	2,460.29

Particulars	March 31, 2018		March 31, 2017	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	3,119.65	2,736.74	2,632.95	2,306.14
(% change compared to base due to sensitivity)	6.90%	-6.20%	7.00%	-6.30%
Salary Growth Rate (- / + 1%)	2,745.93	3,105.10	2,323.81	2,606.56
(% change compared to base due to sensitivity)	-5.90%	6.40%	-5.50%	5.90%
Attrition Rate (- / + 50% of attrition rates)	2,912.61	2,919.36	2,482.71	2,444.61
(% change compared to base due to sensitivity)	-0.20%	0.10%	0.90%	-0.60%
Mortality Rate (- / + 10% of mortality rates)	2,917.43	2,917.62	2,460.27	2,460.30
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

### (I) Asset Liability Matching Strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

### (J) Effect of Plan on Entity's Future Cash Flows

#### a) Funding arrangements and Funding Policy

The Company has purchased an insurance policy to meet the liabilities on account of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

#### b) Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flows)	7 years
<b>Expected cash flows over the next (valued on undiscounted basis)</b>	₹
1 year	415.12
2 to 5 years	1,308.90
6 to 10 years	1,434.45
More than 10 years	2,300.76

#### c) The Company expects to contribute ₹ Nil (2017- ₹ Nil) to gratuity fund.

# Notes

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₹ in Lacs

## 31 GRATUITY (Continued)

### 31(II) SUPERANNUATION

The Company Contributed ₹41.73 lacs and ₹31.93 lacs to the superannuation plan during the years ended March 31, 2018 and March 31, 2017, respectively and same has been recognized in the Statement of Profit and Loss under the head employee benefit expense.

### 31(III) PROVIDENT FUND

The Company Contributed ₹924.83 lacs and ₹806.30 lacs to the employee provident fund during the years ended March 31, 2018 and March 31, 2017, respectively and same has been recognized in the Statement of Profit and Loss under the head employee benefit expense.

## 32

### A) Payment to auditors (excluding service tax)

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>As Auditors</b>		
Audit fee	35.00	76.85
Tax audit fees	5.00	8.00
Limited review of quarterly results	42.00	26.40
In other capacity ( Certification )	-	2.40
Reimbursement of expenses	2.26	4.60
	<b>84.26</b>	<b>118.25</b>

### B) Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII is as given below:

Particulars	April 1, 2017 to March 31, 2018			April 1, 2016 to March 31, 2017		
(a) Gross amount required to be spent during the year			335.03			294.10
	<b>In Cash</b>	<b>Yet to be paid in cash</b>	<b>Total</b>	<b>In Cash</b>	<b>Yet to be paid in cash</b>	<b>Total</b>
(b) Amount spend during the year : -						
Contribution to various educational institutions	-	-	-	0.40	-	0.40
Rural/slum area development	119.55	-	119.55	53.32	-	53.32
Contribution to Mathrubhumi Mission Medical College	-	-	-	25.00	-	25.00
Imparting Skill Development Training	389.23	-	389.23	163.99	-	163.99
Others	-	-	-	1.72	-	1.72
<b>Total</b>	<b>508.78</b>	<b>-</b>	<b>508.78</b>	<b>244.43</b>	<b>-</b>	<b>244.43</b>

## 33 SEGMENT REPORTING

The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 4 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in this standalone financial statements.



# Notes

to the financial statements

₹ in Lacs

## 34 RELATED PARTY DISCLOSURES

### a) Parties where control exists

#### Individual having control

M.P. Ramachandran

Chairman and Managing Director

The Managing Director of the Company is an individual having control and hence not separately disclosed as a Key management personnel.

#### Other Subsidiaries

Jyothy Kallol Bangladesh Limited

Four Seasons Drycleaning Company Private Limited

Snoways Launderers & Drycleaners Private Limited

Jyothy Fabricare Services Limited

M/S JFSL-JLL (JV) - Partnership firm

### b) Related party relationships where transactions have taken place during the year

#### Firm / HUF in which the relatives of individual having control are partners / members / proprietor

Quilon Trading Co.

M.P. Divakaran - H.U.F.

M.P. Sidharthan - H.U.F.

Jaya Trust

w.e.f. September 22, 2016

#### Relative of individual having control

M.P. Sidharthan

M.R. Jyothy

M.R. Deepthi

Ananth Rao T

Ravi Razdan

M.P. Divakaran

#### Enterprises significantly influenced by key management personnel or their relatives

Sahyadri Agencies Ltd.

#### Key management personnel

K. Ullas Kamath

S. Raghunandan

Rajnikant Sabnavis

Bipin R. Shah

Nilesh B. Mehta

R. Lakshminarayanan

K. P. Padmakumar

M.R. Jyothy

Joint Managing Director & CFO

Whole Time Director & CEO upto May 23, 2016

Chief Operating Officer w.e.f. May 23, 2016

Independent Director upto August 11, 2016

Independent Director

Independent Director

Independent Director

Director

#### Additional related party as per Companies Act, 2013.

M.L. Bansal

Shreyas Trivedi

Company Secretary upto May 23, 2016

Company Secretary from May 23, 2016

# Notes

to the financial statements

₹ in Lacs

## 34 RELATED PARTY DISCLOSURES (Continued)

### c) Transactions with related parties during the year

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>M.P. Ramachandran</b>		
Remuneration*	₹1 only	₹1 only
Commission	402.96	358.82
Dividend	4,208.22	723.12
<b>Sahyadri Agencies Limited</b>		
Dividend	900.00	150.00
<b>Quilon Trading Company</b>		
Rent expense	1.20	1.20
<b>M.P. Divakaran - H.U.F.</b>		
Dividend	114.24	19.04
<b>M.P. Sidharthan - H.U.F.</b>		
Dividend	79.20	13.20
<b>Jyothy Fabricare Services Limited</b>		
Reimbursement of expenses	21.76	20.60
Sale of Finished goods (net of sales return )	12.29	13.15
Purchases of services	-	0.13
Corporate Guarantees given for borrowings	6,000.00	-
Corporate Guarantees withdrawal for borrowings	4,968.83	-
<b>M/S JFSL-JLL (JV)</b>		
(Profit)/loss in partnership	3.87	(3.68)
Interest on partner capital	12.83	11.12
Investment /(Withdrawal) of capital	54.50	3.50
<b>Jyothy Kallol Bangladesh Limited</b>		
Sales of raw materials and packing material and finished goods	94.70	97.02
<b>Relatives of individual having control</b>		
Remuneration*		
M.R. Jyothy	219.60	131.76
M P Sidharthan	24.00	24.00
M R Deepthi	39.82	47.71
Ananth Rao T	63.84	57.12
Ravi Razdan	53.09	47.71
M.P. Divakaran	24.00	24.00
Dividend	1,903.29	290.94
<b>Key management personnel</b>		
Remuneration*#		
K. Ullas Kamath	336.00	227.25
S. Raghunandan	-	1,515.66
M.L. Bansal	-	9.71
Rajnikant Sabnavis	287.77	383.79
Shreyas Trivedi	68.97	58.38
Dividend		
K. Ullas Kamath	87.08	14.51
Contribution to Superannuation fund		
K. Ullas Kamath	30.00	20.29

# Notes

to the financial statements

₹ in Lacs

## 34 RELATED PARTY DISCLOSURES (Continued)

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Fee for attending board / committee meetings		
Bipin R. Shah	-	0.60
Nilesh B. Mehta	1.50	1.55
R. Lakshminarayanan	1.30	1.05
K. P. Padmakumar	0.60	0.90
Commission		
K. Ullas Kamath	362.67	322.94
Nilesh B. Mehta	8.00	8.00
R. Lakshminarayanan	8.00	8.00
K. P. Padmakumar	8.00	8.00

\* As the future liabilities for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

# In the earlier years, the Company had applied to the Central Government for approval of grant of ESOP's to a whole time director and CEO as the value of the ESOP's granted were expected to be in excess of the eligible limits under the Companies Act, as applicable. During financial year 2016-17, certain ESOP's have been exercised by the Director and as managerial remuneration includes the perquisite value of ESOP's in the year in which it is exercised, the overall value of Managerial Remuneration for the year ended March 31, 2017 is in excess of the limits to the extent of ₹783.64. The Company has received an approval from the Central Government on May 1, 2017 for an amount that can be paid to the director for the three years ending May 2017, however, the said ESOP's have not been considered separately. The Company has made a representation seeking approval of grant of ESOP's. On January 3, 2018, the provisions of the Section 197 of the Companies Act, 2013 is amended and accordingly all the pending applications with the Central Government shall abate, and the Company shall obtain the approval in accordance with the revised provision of the Act, within a period of one year and pay remuneration to managerial personnel. Pending notification of the said amendment and necessary approval, the shares issued to the managerial personnel are held by him in trust.

### d) Related party balances

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>Amounts receivable</b>		
Trade receivables :		
Jyothy Kallol Bangladesh Limited	-	14.67
<b>Amounts payable</b>		
<b>Trade payables :</b>		
Individual having control		
M.P. Ramachandran	402.96	358.82
Key management personnel		
K. Ullas Kamath	362.67	322.94
Nilesh B. Mehta	8.00	8.00
R. Lakshminarayanan	8.00	8.00
K. P. Padmakumar	8.00	8.00
<b>Corporate guarantees issued by the Company to the bankers of subsidiary companies</b>		
Jyothy Fabricare Services Limited	6,000.00	4,968.83
M/S JFSL-JLL (JV)	552.44	727.44

Investment in subsidiaries (Note 4)

### Terms and conditions of transactions with related parties

The Sales to / purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

# Notes

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₹ in Lacs

## 35 COMMITMENTS AND CONTINGENCIES

### A) Operating Lease

#### In case of assets taken on lease

The Company has entered into Lease agreements for premises, which expire at various dates over the next one years. Certain agreements provide for increase in rent. Lease rental expense for the year ended March 31, 2018 was ₹ 1645.72 (2017 – ₹ 1,418.94). There are no restrictions imposed by lease arrangements.

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Future minimum lease payment under non - cancellable operating leases are as follows:		
Payable not later than one year	386.23	299.79
Payable later than one year and not later than five years	567.17	831.08
Payable later than five years	-	-
	<b>953.40</b>	<b>1,130.87</b>

#### In case of assets given on lease

The Company has leased out few of its premises on operating lease. The Gross carrying amount and accumulated depreciation as at March 31, 2018 is ₹ 149.67 and ₹ 27.42 (2017 - ₹ 178.06 and ₹ 22.83) respectively. Lease rent income for the year ended March 31, 2018 was ₹ 13.59 (2017 – ₹ 5.37). There is no escalation clause in the lease agreement and the lease is cancellable nature. There are no restrictions imposed by lease arrangements.

### B) Capital Commitments ( Net of Advances)

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for	536.12	599.66
	<b>536.12</b>	<b>599.66</b>

### C) Contingent Liabilities

In respect of the following, the Company has assessed that it is only possible, but not probable, that outflow of economic resources will be required :

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Tax matters		
(a) Disputed sales tax demands – matters under appeal	1,314.04	2,554.15
(b) Disputed excise duty and service tax demand - matter under appeal	4,955.42	4,782.79
(c) Disputed income tax demand - matter under appeal *	279.33	3172.93
(ii) Amount outstanding in respect of financial guarantees	6,552.44	5,696.27
(iii) Claims against the company not acknowledged as debts.	252.00	226.67

\* The amount shown above does not include contingent liability for assessment years which have been reopened (unless demand order is raised) and those pending assessments.

Company believe that all these matters have a strong possibility of being dismissed in favour of the Company and accordingly no provisions has been consider necessary.

The above disclosure does not cover matters where the exposure has been assessed to be remote.

# Notes

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₹ in Lacs

## 36 MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ( 'MSMED' )

The disclosure pursuant to the said Act is as under :

Particulars	As at March 31, 2018	As at March 31, 2017
Principal amount due to suppliers under MSMED Act	2,809.21	2,778.61
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	5.51	7.08
Interest paid to suppliers under the MSMED Act	-	-
Interest due and payable towards suppliers under MSMED Act towards payment already made	-	-
Interest accrued and remaining unpaid at the end of accounting year	5.51	7.08

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

## 37 SHARE-BASED PAYMENTS

On August 16, 2014 the Remuneration and Compensation Committee of the Board of Directors of the Company approved the Employee Stock Option Scheme 2014 ("ESOS-2014") for issue of stock options to the key employees and Employee Stock Option Scheme 2014-A ("ESOS- 2014-A") for issue of stock options to Whole Time Director & CEO of the Company. According to the scheme, whole time Director and CEO and eligible employees selected by the Remuneration and Compensation Committee will be entitled to options from time to time, subject to satisfaction of prescribed vesting conditions. The relevant terms of the grant are as below : -

Particulars	("ESOS -2014") Grant - I	("ESOS -2014 - A")
Date of Grant	August 16, 2014	August 16, 2014
Number of options granted	503,445	2,715,352
Vesting period	33% - Year 1 33% - Year 2 34% - Year 3	66.67% - Year 1 16.67% - Year 2 16.66% - Year 3
Exercise period	5 years from the respective dates of vesting	
Exercise Price - Per share	₹ 1	₹ 1
Market price at grant date - Per share	₹ 188.70	₹ 188.70
Average life of option	3.5 years	

The fair value of option granted is estimated at the grant date using Black Scholes valuation model, taking into account the term and conditions upon which the share options were granted.

The following table illustrates the number and movements in share options during the year,

Particulars	("ESOS -2014") Grant - I	("ESOS -2014 - A")
Outstanding at March 31, 2016	266,297	2,262,793
Granted during 2016-17	-	-
Forfeited during 2016-17	19,674	-
Exercised during 2016-17	111,486	452,558
Outstanding at March 31, 2017	135,137	1,810,235
Exercisable at March 31, 2017	135,137	1,810,235
Granted during 2017-18	-	-
Forfeited during 2017-18	24,774	-
Exercised during 2017-18	110,363	-
Outstanding at March 31, 2018	-	1,810,235
Exercisable at March 31, 2018	-	1,810,235

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₹ in Lacs

## 37 SHARE-BASED PAYMENTS (Continued)

For option exercised during the period, Weighted Average Exercise price of ₹1 (2017- Re - 1) and for weighted average share price at the exercise date was ₹393.75 per share (2017 - ₹ 324.38).

No new stock option have been granted by the company in the current year.

The following table list inputs to the model used for the year ended March 31, 2018 and March 31, 2017 :

Variables	("ESOS -2014") Grant - I		
	Vest 1	Vest 2	Vest 3
	August 16, 2015	August 16, 2016	August 16, 2017
Volatility	36.19%	37.32%	40.33%
Riskfree Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Dividend yield	1.59%	1.59%	1.59%
Option fair Value vest wise of per stock option granted (₹)	177.75	174.99	172.27

Variables	("ESOS -2014 - A")		
	Vest 1	Vest 2	Vest 3
	August 16, 2015	August 16, 2016	August 16, 2017
Volatility	36.19%	37.32%	40.33%
Riskfree Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Dividend yield	1.59%	1.59%	1.59%
Option fair Value vest wise of per stock option granted (₹)	177.75	174.99	172.27

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

### Expenses recognised in statement of profit and loss.

For details on employee benefit expenses refer Note 26

## 38 DETAILS OF INVESTMENTS IN PARTNERSHIP FIRM

Particulars	Share of partner in profits (%)	
	As at March 31, 2018	As at March 31, 2017
Name of Partner		
Share of partner in profits (%)		
Jyothy Fabricare Services Limited	75.00%	75.00%
Jyothy Laboratories Limited	25.00%	25.00%
Total capital of the firm	542.24	339.72

## 39 EARNING PER SHARE (₹)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.



# Notes

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₹ in Lacs

## 39 EARNING PER SHARE (₹) (Continued)

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Net Profit for calculation of basic and diluted EPS	16,053.55	20,204.50
Weighted average number of shares for calculation of basic EPS ( i )	181,739,896	181,406,238
Effect of dilution :		
Stock option granted under ESOP scheme	1,805,401	126,449
Weighted average number of shares for calculation of diluted EPS (ii)	183,545,297	181,532,687
Basic EPS (₹)	8.83	11.12
Diluted EPS (₹)	8.74	11.12
(i) Weighted average number of equity shares (Basic)		
Opening balance	181,683,724	181,119,680
Effect of share option exercised	56,172	286,558
<b>Weighted average number of shares for calculation of basic EPS</b>	<b>181,739,896</b>	<b>181,406,238</b>
(ii) Weighted average number of equity shares (Diluted)		
Weighted average number of shares for calculation of basic EPS	181,739,896	181,406,238
Effect of share option exercised	1,805,401	126,449
<b>Weighted average number of shares for calculation of basic EPS</b>	<b>183,545,297</b>	<b>181,532,687</b>

- 40 As per the Notification no. 32/99-CE dated July 8, 1999, the Company was entitled to refund of excise duty in Guwahati and Jammu units equivalent to 100% of the amount of the duty paid through Personal Ledger Account ('PLA'). During an earlier year, the Government issued notifications no. 17/2008-CE and 19/2008-CE dated March 27, 2008 restricting the refund amount to a maximum percentage specified in the notification and the Company has accrued only the specified amount. The Company has received a favourable order from the High Court of Guwahati & Jammu and Kashmir in earlier years. Accordingly, the Company has accrued an additional benefit of ₹ 95.17 (2017 ₹ 958.87) in the current year.

## 41 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### a) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### Balance with government authorities and protest payment

The Company has significant receivable from government authorities in respect of protest payment made in earlier years towards Vat/Excise duty matters. The Company has received favourable orders from the Honourable Supreme Court / High Court in these matters and accordingly assessed that all the amounts are fully recoverable.

### b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing

# Notes

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## 41 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/judgements about these factors could affect the reported fair value of financial instruments.

### Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other long term leave benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

### Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 37

### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further, the Company has recognised Minimum Alternate tax Credit (MAT) which can be utilised for a period of 15 years from the assessment year to which it relates to. Based on future projections of taxable profit and MAT, the Company has assessed that the entire MAT credit can be utilised.

# Notes

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₹ in Lacs

## 42 FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying values		Fair values	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial Assets				
Investment	23,836.79	14,753.09	23,836.79	14,753.09
Deposits	758.81	698.09	758.81	698.09
<b>Total</b>	<b>24,595.60</b>	<b>15,451.18</b>	<b>24,595.60</b>	<b>15,451.18</b>
Financial Liabilities				
Borrowings	47,860.10	44,919.04	47,860.10	44,919.04
Financial guarantee contracts	123.88	22.40	123.88	22.40
<b>Total</b>	<b>47,983.98</b>	<b>44,941.44</b>	<b>47,983.98</b>	<b>44,941.44</b>

The management assessed that fair value of cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term receivables/advances given are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The fair value of borrowings and financial guarantee contracts is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The same would be sensitive to a reasonably possible change in the forecast cash flows or the discount rate. There are no unobservable inputs that impact fair value.

There are no financial instruments which require recurring fair value measurements and are classified as Level 3 of the fair value hierarchy.

## 43 FAIR VALUES HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets :

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value of financial assets disclosed					
Investment	March 31, 2018	23,839.38	10,392.79	-	13,446.59
Financial guarantee	March 31, 2018	123.88	-	-	123.88
Investment	March 31, 2017	14,753.09	1,408.09	-	13,345.00

There have been no transfers between Level 1 and Level 2 during the period.

Significant unobservable inputs used in level 3 fair values:

# Notes

to the financial statements

₹ in Lacs

## 43 FAIR VALUES HIERARCHY (Continued)

As at March 31, 2018	Significant unobservable inputs	Sensitivity of input to fair value measurement
Investment (Optionally convertible redeemable preference share)	Terminal value growth rate: 5%	1% increase will increase fair value by ₹ 1,385 and 1% decrease will decrease fair value by ₹ 1,133
	Discount Rate: 15%	1% increase will decrease fair value by ₹ 2,297 and 1% decrease will increase fair value by ₹ 2,830
Financial guarantee	Risk premium 0.75%	0.25% increase and decrease will increase and decrease fair value by ₹ 45

## 44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has constituted a core Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

### A. Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2018 and 31st March, 2017. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

For long term borrowings, the Company also focuses on maintaining / improving its credit ratings to ensure that appropriate refinancing options are available on the respective due dates

Particulars	Less than 1 Year	1 to 5 years	5 years and above	Total
<b>As at March 31, 2018</b>				
Borrowings and Other financial liabilities	48,719.84	-	-	48,719.84
Trade and other payables	16,716.45	-	-	16,716.45
	<b>65,436.29</b>	-	-	<b>65,436.29</b>
<b>As at March 31, 2017</b>				
Borrowings and Other financial liabilities*	26,191.34	20,000.00	-	46,191.34
Trade and other payables	14,480.69	-	-	14,480.69
	<b>40,672.03</b>	<b>20,000.00</b>	-	<b>60,672.03</b>

\* The above disclosure has been made as per the contractual due dates of the borrowings, however, due to put option available to the holder (Note 16), the same has been presented as current maturity in the financial statements.

# Notes

to the financial statements

## 44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### B. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk exist mainly on account of borrowings of the Company. However, all these borrowings are at fixed interest rate and hence the exposure to change in interest rate is insignificant.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk as at the respective reporting dates.

#### Price risk

The Company is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments.

### C. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and other financial assets.

#### Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major trade receivables.

#### Other financial assets

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only in highly marketable debt instruments with appropriate maturities to optimise the cash return on instruments while ensuring sufficient liquidity to meet its liabilities. The Company maximum exposure to credit risk as at March 31, 2018 and March 31, 2017 is the carrying value of each class of financial assets.

### D. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

# Notes

to the financial statements

₹ in Lacs

## 45 CAPITAL MANAGEMENT

For the purpose of the Company capital management, capital includes issued equity capital and other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt is calculated as borrowing less cash and cash equivalent, other bank balances and mutual funds investments.

Particulars	March 31, 2018	March 31, 2017
Borrowings	47,860.10	44,919.04
Less: Cash and cash equivalents, other bank balances and mutual fund investments (Note 11,13a and 13b)	(23,112.33)	(10,954.21)
<b>Net debt (A)</b>	<b>24,747.77</b>	<b>33,964.83</b>
Equity	68,345.48	65,364.64
Capital and Net Debt (B)	93,093.25	99,329.47
Gearing ratio (A/B)	<b>27%</b>	<b>34%</b>

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

## 46 RECENT ACCOUNTING PRONOUNCEMENTS

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying Ind AS 115, 'Revenue from Contracts with Customers'. The Standard is applicable to the Company with effect from 1st April, 2018.

- Ind AS 115 Revenue from Contracts with Customers
- Ind AS 21 The Effect of Changes in Foreign Exchange Rates

### a) Ind AS 115 Revenue from Contracts with Customers :

Revenue from Contracts with Customers Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Company is evaluating the impact of Ind AS 115 on its financial statement.



# Notes

to the financial statements

₹ in Lacs

## 46 RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

### b) Ind AS 21 The Effect of Changes in Foreign Exchange Rates :

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statement

## 47 PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED / RECLASSIFIED, WHERE NECESSARY, TO CONFORM TO THIS YEAR CLASSIFICATION.

Particulars	Note no.	Amount as per previous period financials	Adjustments	Revised amount for previous year
<b>Balance sheet</b>				
Deferred tax assets/(liabilities) (net)	8	(4,818.76)	11,840.06	7,021.30
Non-current tax assets ( net )	9	14,193.60	(11,840.06)	2,353.54
Other current assets	10	3,101.53	(68.05)	3,033.48
Assets held for sale		-	68.05	68.05
Total outstanding dues of creditors other than micro enterprises and small enterprises	17	6,219.12	5,482.96	11,702.08
Accrual for expenses	17	5,482.96	(5,482.96)	-
<b>Statement of Profit &amp; Loss</b>				
Other income	23	424.22	715.86	1,140.08
Finance income		715.86	(715.86)	-
Other expenses	29	33,314.50	(3.68)	33,310.82
Share of (profit)/loss in partnership firm		(3.68)	3.68	-
Current tax	30	-	2,645.67	2,645.67
Deferred tax charge / (credit)	30	(4,393.80)	(2,645.67)	(7,039.47)

Signatures to Notes 1 to 47

As per our report of even date

### For BSR & CO LLP

Chartered Accountants  
Firm's Registration No: 101248W/W-100022

### Sreeja Marar

Partner  
Membership No: 111410

Mumbai  
May 16, 2018

For and on behalf of the Board of Directors of

### Jyothy Laboratories Limited

CIN: L24240MH1992PLC128651

### M.P. Ramachandran

Chairman and Managing Director  
DIN: 00553406

### Shreyas Trivedi

Company Secretary  
Membership No.: A12739

Mumbai  
May 16, 2018

### K.Ullas Kamath

Joint Managing Director and Chief Financial Officer  
DIN: 00506681

# Independent Auditor's Report

To the Members of  
**Jyothy Laboratories Limited**

## REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of Jyothy Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group to continue

as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 2 (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2018, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

## EMPHASIS OF MATTER

Without qualifying our report and as more fully described in Note 34 of the consolidated financial statements, we draw attention to managerial remuneration paid/provided by the Company for the year ended 31 March 2017 in excess of limits prescribed under the Companies Act, 2013. As informed to us, the Company has filed revised application with the Central Government for approval of such excess remuneration. Pending approval, no adjustments are considered necessary in these consolidated financial statements. Our conclusion is not modified in respect of this matter

## OTHER MATTERS

1. The audited consolidated Ind AS financial statements of the Group for the corresponding year ended 31 March 2017 prepared in accordance with Ind AS included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor whose audit report dated 18 May 2017 expressed an unmodified opinion on those audited consolidated Ind AS financial statements. Our opinion is not modified in respect of this matter.

2. We did not audit the financial statements/ financial information of four subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 2,022 Lacs as at 31 March 2018, total revenues of ₹ 1,736 Lacs and net cash inflows amounting to ₹ 131 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

One of the subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in that country and which have been audited by other auditor under generally accepted auditing standards applicable in that country. The Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were

necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 36(c) to the consolidated financial statements.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018.
  - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2018.
  - iv. The disclosures regarding details of specified bank notes held and transacted during 08 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

Mumbai  
16 May 2018

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sreeja Marar**  
Partner  
Membership No: 111410

# Annexure - A to the Independent Auditor's Report – 31 March 2018 on the Consolidated Financial Statements

## **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls with reference to financial statements of Jyothy Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiary company incorporated in India, as of the date excluding two subsidiary companies incorporated in India which are exempt from the reporting on internal financial control with reference to financial statements vide MCA general circular 08/2017 dated 25 July 2017.

## **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors of the Holding company and its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of

internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

## **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of

management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **OPINION**

In our opinion, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

Mumbai  
16 May 2018

**Sreeja Marar**  
Partner  
Membership No: 111410



# Consolidated Balance Sheet

as at March 31, 2018

₹ in Lacs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4a	29,779.25	30,571.71
Capital work in progress	4b	1,530.97	877.01
Goodwill	4c	78,633.19	78,633.19
Other Intangible assets	4c	658.07	497.45
<b>Financial assets</b>			
Investments	5	2.59	2.59
Trade receivables	6	669.67	569.27
Loans	7	876.31	901.68
Other financial assets	8	55.37	637.03
Non current tax assets (net)	9	1,172.23	2,571.27
Deferred tax assets (net)	10	9,024.03	11,150.53
Other non-current assets	11	9,216.91	10,786.90
		<b>131,618.59</b>	<b>137,198.63</b>
<b>Current assets</b>			
Inventories	12	18,834.76	19,637.23
<b>Financial assets</b>			
Investments	13	11,315.14	2,845.83
Trade receivables	6	16,074.51	11,711.74
Cash and cash equivalent	14a	6,293.04	4,011.66
Other bank balances	14b	7,373.65	6,332.42
Loans	7	181.07	78.84
Other financial assets	8	785.69	258.87
Other current assets	11	5,350.82	3,166.33
Assets held for sale		68.05	68.05
		<b>66,276.73</b>	<b>48,110.97</b>
<b>Total assets</b>		<b>197,895.32</b>	<b>185,309.60</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity Share Capital	15	1,817.94	1,816.84
Other Equity	16	112,602.68	107,084.26
<b>Equity attributable to equity holders of the parent</b>		<b>114,420.62</b>	<b>108,901.10</b>
Non-controlling interests		(1,394.84)	(665.15)
<b>Total equity</b>		<b>113,025.78</b>	<b>108,235.95</b>
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	17	377.44	552.44
Provisions	18	2,779.69	2,296.08
Other non-current liabilities	19	425.45	-
		<b>3,582.58</b>	<b>2,848.52</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	17	27,680.10	4,919.04
Trade payables	20	17,203.27	14,898.05
Other financial liabilities	21	27,235.13	46,424.90
Other current liabilities	19	5,322.58	4,465.19
Provisions	18	3,293.85	3,218.94
Current tax liabilities (net)	22	552.03	299.01
		<b>81,286.96</b>	<b>74,225.13</b>
<b>Total liabilities</b>		<b>84,869.54</b>	<b>77,073.65</b>
<b>Total equity and liabilities</b>		<b>197,895.32</b>	<b>185,309.60</b>
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors of  
**Jyothy Laboratories Limited**  
CIN: L24240MH1992PLC128651

**For BSR & CO LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**M.P. Ramachandran**  
Chairman and Managing Director  
DIN: 00553406

**K.Ullas Kamath**  
Joint Managing Director and Chief Financial Officer  
DIN: 00506681

**Sreeja Marar**  
Partner  
Membership No: 111410

**Shreyas Trivedi**  
Company Secretary  
Membership No.: A12739

Mumbai  
May 16, 2018

Mumbai  
May 16, 2018

# Consolidated Statement of Profit and loss

for the year ended March 31, 2018

₹ in Lacs

Particulars	Note No.	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>Income</b>			
Revenue from operations	23	176,375.13	174,918.49
Other income	24	4,912.18	1,068.35
<b>Total income ( I )</b>		<b>181,287.31</b>	<b>175,986.84</b>
<b>Expenses</b>			
Cost of raw material and components consumed	25	57,317.68	52,424.54
Excise duty expense		1,788.97	6,619.41
Purchases of Stock in Trade		29,855.84	37,592.57
Changes in inventories of finished goods, stock in trade and work-in-progress	26	356.73	(605.51)
Employee benefits expense	27	19,083.02	17,288.43
Employee stock option expenses	27	(4.72)	236.30
Finance costs	28	4,806.80	5,646.65
Depreciation and amortisation expense	29	3,112.83	3,005.55
Other expenses	30	40,896.73	35,913.83
<b>Total Expense ( II )</b>		<b>157,213.88</b>	<b>158,121.77</b>
<b>Profit before tax ( I - II )</b>		<b>24,073.43</b>	<b>17,865.07</b>
<b>Income tax</b>	31		
Current tax (MAT)		4,231.21	3,435.30
Adjustment of tax relating to earlier periods		(143.65)	785.27
Deferred tax charge / (credit)		2,098.85	(6,770.76)
<b>Total Income tax</b>		<b>6,186.41</b>	<b>(2,550.19)</b>
<b>Profit for the year (A)</b>		<b>17,887.02</b>	<b>20,415.26</b>
<b>Other comprehensive income</b>			
<b>Items that will be reclassified to profit or loss</b>			
Foreign Currency Translation Reserve		(20.35)	-
		<b>(20.35)</b>	<b>-</b>
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement gains/ (losses) of post employment benefit obligation		75.01	(184.37)
<b>Income tax relative to items that will not be reclassified to profit or loss</b>			
Re-measurement gains/ (losses) of post employment benefit obligation		(27.65)	61.12
		<b>47.36</b>	<b>(123.25)</b>
<b>Other comprehensive income for the year, net of tax (B)</b>		<b>27.01</b>	<b>(123.25)</b>
<b>Total comprehensive income for the year, net of tax (A+B)</b>		<b>17,914.03</b>	<b>20,292.01</b>
Non controlling interest		(729.69)	(399.28)
<b>Profit after tax</b>		<b>18,643.72</b>	<b>20,691.29</b>
<b>Profit for the year</b>		<b>17,887.02</b>	<b>20,415.26</b>
Attributable to :			
Equity holders of the parent		18,606.60	20,812.62
Non-controlling interests		(719.58)	(397.36)
<b>Total comprehensive income</b>		<b>17,914.03</b>	<b>20,292.01</b>
Attributable to :			
Equity holders of the parent		18,643.72	20,691.29
Non-controlling interests		(729.69)	(399.28)
<b>Earnings per share (EPS)</b>	<b>41</b>		
Basic (₹)		10.23	11.46
Diluted (₹)		10.13	11.45
Nominal value per share (₹)		1.00	1.00
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For BSR & CO LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sreeja Marar**  
Partner  
Membership No: 111410

Mumbai  
May 16, 2018

For and on behalf of the Board of Directors of  
**Jyothy Laboratories Limited**  
CIN: L24240MH1992PLC128651

**M.P. Ramachandran**  
Chairman and Managing Director  
DIN: 00553406

**Shreyas Trivedi**  
Company Secretary  
Membership No.: A12739

Mumbai  
May 16, 2018

**K.Ullas Kamath**  
Joint Managing Director and Chief Financial Officer  
DIN: 00506681

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2018

## A. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2018	As at March 31, 2017
₹ in Lacs		
<b>Equity shares of Re 1 each issued, subscribed and fully paid</b>		
At the beginning of the period	1,816.84	1,811.20
Issue of share capital	1.10	5.64
At the end of the period	1,817.94	1,816.84
For further details, Refer Note 15		

## B. OTHER EQUITY

Attributable to equity holders of the parent										₹ in Lacs
Particulars	Retained Earnings	Foreign Currency Translation Reserve	Capital Reserve	Securities premium	Debt Redemption Reserve (DRR)*	General reserves	Employee Stock Option Outstanding	Total	Non Controlling Interest	Total Equity
<b>As at April 1, 2016</b>	<b>(18,232.05)</b>	-	<b>5,480.32</b>	<b>47,855.49</b>	<b>13,680.03</b>	<b>35,414.08</b>	<b>4,138.72</b>	<b>88,336.59</b>	<b>(265.87)</b>	<b>88,070.72</b>
Profit for the year	20,812.62	-	-	-	-	-	-	20,812.62	(397.36)	20,415.26
Other comprehensive income	(121.33)	-	-	-	-	-	-	(121.33)	(1.92)	(123.25)
<b>Total comprehensive income</b>	<b>20,691.29</b>	-	-	-	-	-	-	<b>20,691.29</b>	<b>(399.28)</b>	<b>20,292.01</b>
Transfer from DRR	13,680.03	-	-	-	(13,680.03)	-	-	-	-	-
Transfer to DRR	(6,250.00)	-	-	-	6,250.00	-	-	-	-	-
<b>Transaction with owners recorded directly in equity</b>										
<b>Contribution by and distribution to owners</b>										
Cash Dividends (Note 16)	(1,811.20)	-	-	-	-	-	-	(1,811.20)	-	(1,811.20)
Dividend Distribution Tax on Cash Dividend (Note 16)	(368.72)	-	-	-	-	-	-	(368.72)	-	(368.72)
Stock option granted / cancelled (Note 37)	-	-	-	-	-	-	236.30	236.30	-	236.30
Exercise of share options (Note 37)	-	-	-	981.32	-	-	(981.32)	-	-	-
<b>As at March 31, 2017</b>	<b>7,709.35</b>	-	<b>5,480.32</b>	<b>48,836.81</b>	<b>6,250.00</b>	<b>35,414.08</b>	<b>3,393.70</b>	<b>107,084.26</b>	<b>(665.15)</b>	<b>106,419.11</b>
Profit for the year	18,606.60	-	-	-	-	-	-	18,606.60	(719.58)	17,887.02
Other comprehensive income	57.47	(20.35)	-	-	-	-	-	37.12	(10.11)	27.01
<b>Total comprehensive income</b>	<b>18,664.07</b>	<b>(20.35)</b>	-	-	-	-	-	<b>18,643.72</b>	<b>(729.69)</b>	<b>17,914.03</b>

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2018

## B. OTHER EQUITY (Continued)

Attributable to equity holders of the parent										₹ in Lacs
Particulars	Retained Earnings	Foreign Currency Translation Reserve	Capital Reserve	Securities premium	Debt Redemption Reserve (DRR)*	General reserves	Employee Stock Option Outstanding	Total	Non Controlling Interest	Total Equity
Transfer from general reserves	35,000.00	-	-	-	-	(35,000.00)	-	-	-	-
Transfer from DRR	5,000.00	-	-	-	(5,000.00)	-	-	-	-	-
Transfer to DRR	(3,750.00)	-	-	-	3,750.00	-	-	-	-	-
<b>Transaction with owners recorded directly in equity</b>										
<b>Contribution by and distribution to owners</b>										
Cash Dividends (Note 16)	(10,901.02)	-	-	-	-	-	-	(10,901.02)	-	(10,901.02)
Dividend Distribution Tax on Cash Dividend (Note 16)	(2,219.19)	-	-	-	-	-	-	(2,219.19)	-	(2,219.19)
Stock option granted / cancelled (Note 37)	-	-	-	-	-	-	(5.09)	(5.09)	-	(5.09)
Exercise of share options (Note 37)	-	-	-	189.02	-	-	(189.02)	-	-	-
<b>As at March 31, 2018</b>	<b>49,503.21</b>	<b>(20.35)</b>	<b>5,480.32</b>	<b>49,025.83</b>	<b>5,000.00</b>	<b>414.08</b>	<b>3,199.59</b>	<b>112,602.68</b>	<b>(1,394.84)</b>	<b>111,207.84</b>

\* The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 as amended, require the company to create DRR out of profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures outstanding over the life of debentures.

As per our report of even date

### For BSR & CO LLP

Chartered Accountants  
Firm's Registration No: 101248W/W-100022

### Sreeja Marar

Partner  
Membership No: 111410

Mumbai  
May 16, 2018

For and on behalf of the Board of Directors of

### Jyothy Laboratories Limited

CIN: L24240MH1992PLC128651

### M.P. Ramachandran

Chairman and Managing Director  
DIN: 00553406

### Shreyas Trivedi

Company Secretary  
Membership No.: A12739

Mumbai  
May 16, 2018

### K. Ullas Kamath

Joint Managing Director and Chief Financial Officer  
DIN: 00506681

# Consolidated Statement of Cash Flows

for the year ended March 31, 2018

₹ in Lacs

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:</b>		
Profit before tax	24,073.43	17,865.07
<b>Adjustments to reconcile profit before tax to net cash flows :</b>		
Depreciation, amortisation and impairment	3,112.83	3,005.55
Loss on fixed assets discarded	1.16	87.60
Loss / (Profit) on sale of fixed assets	(3,635.01)	10.82
Net change in fair value of financial assets measured at FVTPL	(85.25)	(109.48)
Profit on sale of current investments	(312.19)	(125.92)
Finance costs	4,806.80	5,646.65
Interest income	(675.46)	(717.71)
Foreign exchange fluctuation gain (net)	(3.96)	(6.42)
Provision for doubtful debts and advances	24.28	90.53
Investment subsidy income	(71.53)	-
Employee stock option expenses	(4.72)	236.30
<b>Operating profit before working capital changes</b>	<b>27,230.38</b>	<b>25,982.99</b>
Movements in working capital :-		
Increase/ (decrease) in trade payables	2,313.32	(1,207.25)
Increase / (decrease) in provisions	613.18	529.87
Increase/ (decrease) in other liabilities	1,354.37	98.18
Increase/ (decrease) in other financial liabilities	62.31	(26.35)
Decrease / (increase) in trade receivables	(4,473.77)	(2,908.93)
Decrease / (increase) in inventories	802.47	(1,129.08)
Decrease / (increase) in loans	(94.68)	(13.76)
Decrease / (increase) in other financial assets	(417.08)	118.76
Decrease / (increase) in other assets	(536.42)	(2,023.21)
<b>Cash generated from operations</b>	<b>26,854.08</b>	<b>19,421.22</b>
Taxes paid (net)	(2,507.87)	(3,088.82)
<b>Net cash generated from operating activities ( A )</b>	<b>24,346.21</b>	<b>16,332.40</b>
<b>B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:</b>		
Purchase of fixed assets including capital work-in-progress and capital advances	(3,857.21)	(5,773.62)
Proceeds from sale of fixed assets	4,290.21	107.94
Maturity proceeds from / (Investment in) fixed deposit (net)	(417.49)	(2,735.26)
Proceeds from sale of Mutual Fund	64,628.13	27,978.72
Investment in Mutual Fund	(72,700.00)	(22,000.00)
Interest income received	523.64	717.71
<b>Net cash (used in) investing activities ( B )</b>	<b>(7,532.72)</b>	<b>(1,704.51)</b>

# Consolidated Statement of Cash Flows

for the year ended March 31, 2018 (Continued)

₹ in Lacs

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:</b>		
Interest and finance charges paid	(5,999.06)	(15,553.38)
Proceeds from exercise of share options	1.10	5.64
Repayment of Debentures and long term loans	(24,175.00)	(40,175.00)
Proceeds from issue of Debentures	6,000.00	40,000.00
Proceeds from short-term borrowings	65,376.87	4,919.04
Repayment of short-term borrowings	(42,615.81)	-
Dividend paid	(10,901.02)	(1,811.20)
Dividend tax paid	(2,219.19)	(368.72)
<b>Net cash (used in) financing activities ( C )</b>	<b>(14,532.11)</b>	<b>(12,983.62)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>2,281.38</b>	<b>1,644.27</b>
Cash and cash equivalents at the beginning of the year	4,011.66	2,367.39
<b>Cash and cash equivalents at the end of the year</b>	<b>6,293.04</b>	<b>4,011.66</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	45.17	28.73
Balance with scheduled banks - Current account	5,703.18	3,498.64
- Deposit account	402.28	377.80
Unclaimed dividend accounts *	142.41	106.49
Cash and cash equivalents (Note 14a)	6,293.04	4,011.66
<b>Cash and cash equivalents considered for cash flows statement</b>	<b>6,293.04</b>	<b>4,011.66</b>

\* Not available for use by the management for any other purpose

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7), Statement of Cash Flows.

Summary of significant accounting policies

Note 3

As per our report of even date

**For BSR & CO LLP**

Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sreeja Marar**

Partner  
Membership No: 111410

Mumbai  
May 16, 2018

For and on behalf of the Board of Directors of

**Jyothy Laboratories Limited**

CIN: L24240MH1992PLC128651

**M.P. Ramachandran**

Chairman and Managing Director  
DIN: 00553406

**Shreyas Trivedi**

Company Secretary  
Membership No.: A12739

Mumbai  
May 16, 2018

**K.Ullas Kamath**

Joint Managing Director and Chief Financial Officer  
DIN: 00506681



# Notes

to the Consolidated financial statements for the year ended March 31, 2018

## 1 CORPORATE INFORMATION

Jyothy Laboratories Limited ('the Company') is a public company domiciled in India. Its shares are listed on two stock exchanges in India. The registered office of the company is located at Ujala House Ramkrishna Mandir Road, Kondivita, Andheri (E) Mumbai.

The Consolidated financials statement comprise the financial statements of Jyothy Laboratories Limited ('the Company') and its subsidiaries hereinafter referred to as 'the Group'. The Group is principally engaged in manufacturing and marketing of fabric care, dishwashing, personal care, household insecticides products and also provides laundry and dry cleaning services.

These Financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors on May 16, 2018.

## 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified, under the Companies (Indian Accounting Standards) Rules, 2015 as amended.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which have been measured at fair value. (Refer accounting policy regarding financial instruments).

The consolidated financial statements are presented in INR and all values are rounded to nearest lacs except where otherwise indicated.

### Basis of consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

# Notes

to the Consolidated financial statements

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

The consolidated financial statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits / losses, unless cost / revenue cannot be recovered. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

The excess of the cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries is recognised as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said goodwill is not amortised, however, it is tested for impairment at each balance sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of

investment is in excess of the cost of investments of the Group, it is recognised as 'Capital reserve'.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of :- The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and the non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Consolidated Financial Statements includes the financial statements of the following subsidiaries:

Name of the Company		Country of incorporation	Percentage of equity interest	
			March 31, 2018	March 31, 2017
(a) Direct Subsidiaries				
1	Jyothy Fabricare Services Limited	India	75.10	75.10
2	Jyothy Kallol Bangladesh Limited	Bangladesh	75.00	75.00
(b) Indirect Subsidiaries *				
3	Snoways Laundrers and Drycleaners Pvt.Ltd (Note I)	India	36.80	36.80
4	Four Seasons Dry Cleaning Co. Private Limited	India	75.10	75.10
5	JFSL-JLL(JV) - partnership firm	India	81.32	81.32

\* Effective holding % of Company directly and indirectly through its subsidiaries.

## Note :

- I Jyothy Fabricare Services Limited has 49% share in Snoways Laundrers & Drycleaners Pvt. Ltd and has entered into agreement which enables it to control the composition of the Board of Directors of the latter, making it a subsidiary company of Jyothy Fabricare Services Limited.

# Notes

to the Consolidated financial statements

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group, in respect of the consolidated financial statements are as follows:

### a. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

Expected to be realised or intended to be sold or consumed in normal operating cycle

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group

has identified twelve months as its operating cycle.

### b. Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

### Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at their functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

### Group Companies

On consolidation, the assets and liabilities of foreign subsidiary's operation are translated into INR at the rate of exchange prevailing at reporting date and their statement of profit or loss are translated at exchange prevailing at date of transactions. For practical reasons, the Group uses an average rate to translate income and expense item. If the average rate approximates the exchange rates at date of transactions. The exchange differences arising on translation for consolidation are recognised in the consolidated statement of profit and loss.

### c. Fair value measurement

The Group measures financial instruments (refer Note 3p) at fair value at each balance sheet date.

# Notes

to the Consolidated financial statements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) / service tax / Goods & Service Tax (GST) is not received by the Group on its own account. Rather, it is tax collected on service provided or value added to the commodity by the seller or service provider on behalf of the government. Accordingly, it is excluded from revenue.

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The specific recognition criteria described below must also be met before revenue is recognised.

## Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

## Sale of Services :

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period provided no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service. Service revenue are net of service tax.

## Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of consolidated profit and loss.

## e. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is

recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

## f. Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the

# Notes

to the Consolidated financial statements

transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## **Sales/ value added tax / Service taxes / Goods & Service Tax (GST) paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the amount of sales/ value added taxes /service tax / Goods & Service Tax (GST) paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## **g. Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant part of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair



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and maintenance cost are recognised in profit and loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Category	Estimated useful life (in years)
Factory Buildings	10 - 30
Building (Other than Factory Building)	30 - 60
Building (Fences and temporary structure)	3-6
Plant and machinery	13 - 15
Furniture and fixtures	5 - 10
Leasehold Improvements (Outlets on Lease)	3
Dies and moulds	3
Computers	3-6
Office equipment's	5
Vehicles	6 - 10

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and

accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed finite as per table below -

Category	Estimated useful life (in years)
Trademarks and Copyrights	9-10
Brands	10
Software and Licences	10

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

## i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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## j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. An operating lease is a lease other than a finance lease.

Operating lease payments are recognised as an expense in the statement of Consolidated statement of profit and loss on a straight-line basis over the lease term.

## k. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- **Raw materials:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- **Finished goods and work in progress:** Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.
- **Traded goods:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and

condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## l. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the

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budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses including impairment on inventories, are recognised in the consolidated statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually on reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

## m. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits

will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## n. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period

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to the Consolidated financial statements

in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

## o. Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in employee stock option outstanding in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood

of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## p. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories -

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1. Debt instruments at amortised cost
2. Debt instruments at fair value through other comprehensive income (FVTOCI)
3. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
4. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

The Group does not have any financial assets falling under category 2 and 4 above.

## Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

## Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI

criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as measured at fair value with all changes recognized in the P&L).

## Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL and are measured at fair value with all changes recognised in the profit or loss. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of the Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) The Group has transferred substantially all the risks and rewards of the asset, or
  - (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the consolidated statement of profit and loss.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings,

payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit and loss.

This category generally applies to borrowings.

The Group does not have any financial liabilities at fair value through profit or loss.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated statement of profit or loss.



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to the Consolidated financial statements

## Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

## Reclassification of financial assets

The group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are

debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### r. Cash dividend to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

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## 4A PROPERTY, PLANT AND EQUIPMENTS

Particulars	Freehold land @	Leasehold land @ Building #	Plant and machinery	Dies and moulds	Furniture and fixture	Leasehold Improvements	Office equipments	Vehicle	Total tangible assets
<b>Cost</b>									₹ in Lacs
<b>As at April 1, 2016</b>	<b>3,727.30</b>	<b>352.19</b>	<b>12,619.27</b>	<b>217.16</b>	<b>506.18</b>	<b>78.53</b>	<b>437.78</b>	<b>497.02</b>	<b>30,497.35</b>
Additions	939.79	-	1,233.82	2,647.13	74.58	5.81	193.83	131.24	5,797.33
Disposals	10.07	-	4.09	178.03	2.32	-	1.78	20.29	223.78
<b>As at March 31, 2017</b>	<b>4,657.02</b>	<b>352.19</b>	<b>13,849.00</b>	<b>781.09</b>	<b>578.44</b>	<b>84.34</b>	<b>629.83</b>	<b>607.97</b>	<b>36,070.90</b>
Additions	127.97	-	1,033.08	1,325.02	38.85	16.28	125.41	105.23	2,878.61
Disposals	239.21	97.26	141.32	413.14	17.82	-	6.23	10.61	930.69
<b>As at March 31, 2018</b>	<b>4,545.78</b>	<b>254.93</b>	<b>14,740.76</b>	<b>882.76</b>	<b>599.47</b>	<b>100.62</b>	<b>749.01</b>	<b>702.59</b>	<b>38,018.82</b>
<b>Depreciation and impairment</b>									
<b>As at April 1, 2016</b>	<b>-</b>	<b>3.99</b>	<b>550.49</b>	<b>1,654.13</b>	<b>104.51</b>	<b>34.85</b>	<b>143.35</b>	<b>118.63</b>	<b>2,702.54</b>
Depreciation charge for the year	-	4.05	576.05	1,788.29	105.37	37.30	140.01	114.29	2,893.32
Disposals	-	-	0.28	77.55	1.44	-	1.24	9.67	96.67
<b>As at March 31, 2017</b>	<b>-</b>	<b>8.04</b>	<b>1,126.26</b>	<b>3,364.87</b>	<b>208.44</b>	<b>72.15</b>	<b>282.12</b>	<b>223.25</b>	<b>5,499.19</b>
Depreciation charge for the year	-	4.05	657.19	1,869.69	100.04	20.98	137.88	98.00	3,014.71
Disposals	-	0.02	13.34	231.45	11.09	-	5.94	7.44	274.33
<b>As at March 31, 2018</b>	<b>-</b>	<b>12.07</b>	<b>1,770.11</b>	<b>5,003.11</b>	<b>335.89</b>	<b>93.13</b>	<b>414.06</b>	<b>313.81</b>	<b>8,239.57</b>
<b>Net book value</b>									
<b>As at March 31, 2018</b>	<b>4,545.78</b>	<b>242.86</b>	<b>12,970.65</b>	<b>546.87</b>	<b>302.08</b>	<b>7.49</b>	<b>334.95</b>	<b>388.78</b>	<b>29,779.25</b>
<b>As at March 31, 2017</b>	<b>4,657.02</b>	<b>344.15</b>	<b>12,722.74</b>	<b>567.03</b>	<b>370.00</b>	<b>12.19</b>	<b>347.71</b>	<b>384.72</b>	<b>30,571.71</b>

@ Freehold land, leasehold land and building includes asset which are not transferred in the name of the company amounting to ₹ 835.05 (Gross block) (2017 - ₹ 2,997.27). These are held in the name of the entities which have been merged with the company in earlier years.

# Includes ₹374.31 (2017 - ₹374.31) represented by unquoted fully paid shares at cost in various co-operative societies.

The Group has not capitalised any borrowing cost in current and previous year.

Refer Note 17 for details of property, plant and equipment pledged as security for loans obtained.

For details of assets given on lease, refer Note 36.

## 4 B CAPITAL WORK IN PROGRESS

Capital work in progress as at March 31, 2018 is ₹1,530.97 (March 31, 2017 - ₹ 877.01).

For contractual commitment with respect to property, plant and equipment refer note 36 B.

# Notes

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₹ in Lacs

## 4C INTANGIBLE ASSETS

Particulars	Goodwill	Other intangible assets		Total Other intangible assets
		Trademarks and Copyrights \$	Softwares and Licences	
<b>Cost</b>				
<b>As at April 1, 2016</b>	<b>78,633.19</b>	<b>104.77</b>	<b>340.48</b>	<b>445.25</b>
Additions	-	-	259.94	259.94
Disposals	-	-	-	-
<b>As at March 31, 2017</b>	<b>78,633.19</b>	<b>104.77</b>	<b>600.42</b>	<b>705.19</b>
Additions	-	-	258.75	258.75
Disposals	-	-	-	-
<b>As at March 31, 2018</b>	<b>78,633.19</b>	<b>104.77</b>	<b>859.17</b>	<b>963.94</b>
<b>Amortisation and impairment</b>				
<b>As at April 1, 2016</b>	<b>-</b>	<b>45.28</b>	<b>50.23</b>	<b>95.51</b>
Amortisation charge for the year	-	42.26	69.97	112.23
Disposals	-	-	-	-
<b>As at March 31, 2017</b>	<b>-</b>	<b>87.54</b>	<b>120.20</b>	<b>207.74</b>
Amortisation charge for the year	-	8.12	90.01	98.13
Disposals	-	-	-	-
<b>As at March 31, 2018</b>	<b>-</b>	<b>95.66</b>	<b>210.21</b>	<b>305.87</b>
<b>Net book value</b>				
<b>As at March 31, 2018</b>	<b>78,633.19</b>	<b>9.11</b>	<b>648.96</b>	<b>658.07</b>
<b>As at March 31, 2017</b>	<b>78,633.19</b>	<b>17.23</b>	<b>480.22</b>	<b>497.45</b>

\$ Includes trademarks and copyrights of ₹81.22 (2017 - ₹81.22) pending for registration in the name of the Company and ₹ 20.23 (2017 - ₹20.23 ) pending for registration in the name of the Jyothy Fabricare Services Limited.

### Impairment

Goodwill is tested for impairment annually as at March 31st. No impairment charges were identified as at March 31, 2018.

- A) Goodwill of ₹70,925.56 lacs relates to the acquisition of erstwhile business of Henkel India Limited. Since it is not practicable to allocate the goodwill to various reportable segments, the recoverable amount has been determined collectively for all brands acquired and compared with the carrying value of goodwill. Further, an amount of ₹250.10 lacs pertains to Fabric Care segment and has been entirely allocated to this reportable segment.

The following key assumptions were considered while performing the above impairment testing : -

Terminal value growth rate - 5%

Growth rate - 14% - 18%

Weighted Average Cost of Capital % (WACC) (Discount rate) - 13%

The projections cover a period of five years, as we believe this to be the most appropriate timescale over which to review and consider annual performances, before applying a fixed terminal value growth rate to the final year cash flows. The growth rates used to estimate future performance (revenue, cost of goods sold, expenses etc) are based on the conservative estimates from past performance.

The recoverable amounts of the above CGU's have been assessed using a value-in-use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows.

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₹ in Lacs

We have performed sensitivity analysis around the base assumptions and have concluded that no reasonable change in key assumptions would cause the recoverable amount of CGU to be less than the carrying value.

- B) Goodwill of ₹7,457.87 lacs relates to various acquisitions in the laundry services segment and has been entirely allocated to this segment.

The following key assumptions were considered while performing the above impairment testing : -

Terminal value growth rate - 5%

Growth rate - first five years 26% - 136% and thereafter 5% - 24%

Weighted Average Cost of Capital % (WACC) (Discount rate) - 15%

The projections cover a period of ten years, as we believe this to be the most appropriate timescale over which to review and consider annual performances, before applying a fixed terminal value growth rate to the final year cash flows. The growth rates used to estimate future performance (revenue, cost of services, expenses etc) are based on the conservative estimates from past performance.

The recoverable amounts of the above CGU's have been assessed using a value-in-use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows.

We have performed sensitivity analysis around the base assumptions and have concluded that no reasonable change in key assumptions would cause the recoverable amount of CGU to be less than the carrying value.

## FINANCIAL ASSETS

### 5 INVESTMENTS

Particulars	NON-CURRENT	
	As at March 31, 2018	As at March 31, 2017
<b>Unquoted (fully paid)</b>		
<b>Investments at fair value through profit and loss *</b>		
<b>a) Investment in Others</b>		
Henkel SPIC Employees Co-operative Thrift and Credit Society Limited		
2,000 (2017 - 2,000) equity shares of ₹100 (2017 - ₹100) each fully paid up	2.00	2.00
Capexil (Agencies) Ltd		
5 (2017 - 5) equity shares of ₹10,000 (2017 - ₹10,000) each fully paid up	-	-
Madras Industrial Cooperative Analytical Laboratory Limited		
2 (2017 - 2) equity shares of ₹500 (2017 - ₹500) each fully paid up	-	-
Ambattur Industrial Estate Manufacturers Service Industrial Cooperative Society Ltd.		
1 (2017 - 1) equity shares of ₹1 (2017 - ₹1) each fully paid up	-	-
	<b>2.00</b>	<b>2.00</b>
<b>b) Investment in Government Securities</b>		
Indira Vikas Patra	0.02	0.02
National Saving Certificates (Pledged with Government authorities)	0.57	0.57
	<b>0.59</b>	<b>0.59</b>
	<b>2.59</b>	<b>2.59</b>
Aggregate value of unquoted investments	<b>2.59</b>	<b>2.59</b>
Aggregate amount of impairment in value of investments	-	-

\* Investment at fair value through profit or loss reflect investment in unquoted equity securities. Since the amount is not material, the fair value disclosure have not been made.

# Notes

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₹ in Lacs

## 6 TRADE RECEIVABLES (UNSECURED)

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Considered good	669.67	569.27	16,074.51	11,711.74
Considered doubtful	-	-	1,219.53	1,204.26
	<b>669.67</b>	<b>569.27</b>	<b>17,294.04</b>	<b>12,916.00</b>
Less: Loss allowance	-	-	(1,219.53)	(1,204.26)
	<b>669.67</b>	<b>569.27</b>	<b>16,074.51</b>	<b>11,711.74</b>

Movements of Loss allowance	As at March 31, 2018	As at March 31, 2017
Balance as at 1st April	(1,204.26)	(1,200.54)
Arising during the year	(15.27)	(3.72)
Reversal during the year	-	-
<b>Balance as at 31st March</b>	<b>(1,219.53)</b>	<b>(1,204.26)</b>

Trade receivable are non interest bearing and are generally on advance term or for a term of 15-30 days.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

## 7 LOANS (UNSECURED, CONSIDERED GOOD)

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Security Deposits	881.70	922.71	181.07	78.84
Less: Loss allowance	(5.39)	(21.03)	-	-
	<b>876.31</b>	<b>901.68</b>	<b>181.07</b>	<b>78.84</b>

## 8 OTHER FINANCIAL ASSETS

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Fixed deposit with Banks having remaining maturity of more than 12 months (Note 14b)	44.11	516.03	-	-
Investment Subsidy Receivable	-	-	568.51	-
Staff Loans	-	-	91.68	154.43
Other receivables	16.51	121.00	125.50	125.50
Less: Loss allowance	(5.25)	-	-	(21.06)
	<b>55.37</b>	<b>637.03</b>	<b>785.69</b>	<b>258.87</b>

Breakup of financial assets carried at amortised cost				
Trade receivable (Note 6)	669.67	569.27	16,074.51	11,711.74
Loans (Note 7)	876.31	901.68	181.07	78.84
Other financial assets (Note 8)	55.37	637.03	785.69	258.87
Cash and cash equivalent and other bank balance (Note 14a & 14b)	-	-	13,666.69	10,344.08
<b>Total financial assets carried at amortised cost</b>	<b>1,601.35</b>	<b>2,107.98</b>	<b>30,707.96</b>	<b>22,393.53</b>

# Notes

to the Consolidated financial statements

₹ in Lacs

## 9 NON CURRENT TAX ASSETS (NET)

Particulars	NON CURRENT	
	As at March 31, 2018	As at March 31, 2017
Advance income tax (net of provisions of ₹17,695.20) (2017 - ₹14,267.10)	1,172.23	2,571.27
	<b>1,172.23</b>	<b>2,571.27</b>

## 10 DEFERRED TAX ASSETS (NET)

Particulars	NON CURRENT	
	As at March 31, 2018	As at March 31, 2017
<b>a) Deferred tax liability</b>		
Depreciation	7,211.91	6,207.67
Freehold Land	-	351.29
Fair value adjustments	15.74	69.55
	<b>7,227.65</b>	<b>6,628.51</b>
<b>b) Deferred tax assets</b>		
Provision for gratuity	926.55	797.95
Provision for leave encashment	357.08	346.17
Provision for doubtful debts	410.36	406.42
Provision for doubtful advances	174.80	652.49
Other provisions	760.24	752.93
Other disallowances	46.12	74.79
On carry forward loss and unabsorbed depreciation *	-	2,905.80
Tax Credits (MAT)	13,576.53	11,842.49
	<b>16,251.68</b>	<b>17,779.04</b>
<b>Net deferred tax asset</b>	<b>9,024.03</b>	<b>11,150.53</b>

\* From the effective date of the merger, the conditions of reasonable certainty for utilisation of unused tax losses of JCPML are met in accordance with the Ind AS 12 Income Taxes and accordingly the Company has recognised deferred tax assets on these losses.

## 11 OTHER ASSETS

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Capital Advances	436.18	358.10	-	-
Advance to suppliers*	494.85	494.85	1,540.64	1,381.40
Balance with government authorities and protest payments* (Note 39)	8,178.04	9,970.76	3,409.83	1,866.55
Prepaid Expenses	10.69	5.52	239.00	521.63
Other receivables*	592.00	624.77	206.27	320.62
Less: Loss allowance	(494.85)	(667.10)	(44.92)	(923.87)
	<b>9,216.91</b>	<b>10,786.90</b>	<b>5,350.82</b>	<b>3,166.33</b>

\* Advances to suppliers, Balance with government authorities & Protest payments and Other receivables include ₹539.77 (2017 - ₹537.22), ₹Nil (2017 - ₹1,048.50) and ₹Nil (2017 - ₹5.25) respectively, considered doubtful and fully provided for.



# Notes

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₹ in Lacs

## 12 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

Particulars	CURRENT	
	As at March 31, 2018	As at March 31, 2017
Raw and packing materials	4,837.65	5,402.51
Work in progress	1,915.08	1,525.59
Finished goods @	8,735.00	8,438.11
Stock in Trade (including goods in transit ₹ 272.82 (2017 - ₹ 165.47))	2,394.78	3,437.89
Promotion materials	478.73	392.06
Stores, Operating supplies and spare parts	473.52	441.07
	<b>18,834.76</b>	<b>19,637.23</b>

@ Finished goods includes goods purchased for re-sale, as both are stocked together.

Inventories are net of provision of ₹ 1,718.23 (2017 - ₹ 1,164.57) on account of damage and slow moving inventories.

Inventories (including above) pledge as a securities for borrowing (Refer Note 17)

## 13 INVESTMENTS

Particulars	CURRENT	
	As at March 31, 2018	As at March 31, 2017
<b>Investment at fair value through profit and loss</b>		
Axis Liquid Fund - Growth		
474,784.946 (2017 - 38,946.29) units of ₹ 1,000 (2017 - ₹ 1,000) each	9,151.63	702.29
Axis Treasury Advantage Fund - Growth		
41,342.91 (2017 - 38,231.93) units of ₹ 1,000 (2017 - ₹ 1,000) each	818.94	705.80
Axis Treasury Advantage Fund - Direct Growth		
10,730.645 (2017 - Nil) units of ₹ 1,000 (2017 - ₹ Nil) each	212.56	-
TSTG Tata Short Term Bond Fund Plan A - Growth		
1,953,407.32 (2017 - 1,953,407.32) units of ₹ 10 (2017 - ₹10) each	630.75	597.13
HDFC High Interest Fund - Dynamic Plan - Growth		
134,153.698 (2017 - 1,037,150.73) units of ₹ 10 (2017 - ₹10) each	79.04	587.35
Kotak Liquid Direct Plan Growth		
11,988.2963 (2017 - Nil) units of ₹ 1,000 (2017 - ₹ Nil) each	422.22	-
Kotak Low Duration Fund		
Nil (2017 - 12,744.69) units of ₹ Nil (2017 - ₹ 1,000) each	-	253.26
	<b>11,315.14</b>	<b>2,845.83</b>
Aggregate book and market value of quoted investments	11,315.14	2,845.83

For determination of fair values, refer Note 44

## 14 CASH AND BANK BALANCES

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>(a) Cash and cash equivalents</b>				
Cash in hand	-	-	45.17	28.73
Balance with banks				
- Current account	-	-	5,703.18	3,498.64
- Deposit account (Original maturity of less than three months)	-	-	402.28	377.80
Unclaimed dividend accounts	-	-	142.41	106.49
	-	-	6,293.04	4,011.66

# Notes

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₹ in Lacs

## 14 CASH AND BANK BALANCES (Continued)

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>b) Other bank balances</b>				
Deposits with original maturity of more than three months but less than twelve months*	-	-	4,858.50	145.62
Deposits with remaining maturity for more than twelve months*	44.11	516.03	2,515.15	6,186.80
Amount disclosed under 'Other financial assets' (Note 8)	(44.11)	(516.03)	-	-
	-	-	7,373.65	6,332.42
	-	-	<b>13,666.69</b>	<b>10,344.08</b>

\* Includes deposits provided as securities against bank guarantees and debenture redemption reserves ₹ 5,745.23 (2017 - ₹ 3,199.13)

## 15 SHARE CAPITAL

### Authorised capital

Particulars	As at March 31, 2018	As at March 31, 2017
2,720,000,000 (2017 - 2,720,000,000) equity shares of ₹ 1 (2017 - ₹1) each	27,200.00	27,200.00
30,000 (2017 - 30,000) 11% cumulative preference shares of ₹100 (2017 - ₹100) each	30.00	30.00
	<b>27,230.00</b>	<b>27,230.00</b>

### Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of 1 ₹ per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### Issued equity capital

#### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2018		As at March 31, 2017	
	No.	Amount	No.	Amount
At the beginning of the period	181,683,724	1,816.84	181,119,680	1,811.20
Issued during the year (Note 37)	110,363	1.10	564,044	5.64
Outstanding at the end of the period	181,794,087	1,817.94	181,683,724	1,816.84

#### b. Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2018		As at March 31, 2017	
	No.	% Holding in the class	No.	% Holding in the class
Equity shares of ₹ 1 each fully paid				
M. P. Ramachandran	70,136,948	38.58%	70,136,948	38.60%
Sahyadri Agencies Limited	15,000,000	8.25%	15,000,000	8.26%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

# Notes

to the Consolidated financial statements

₹ in Lacs

## 15 SHARE CAPITAL (Continued)

- c. **Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

Particulars	As at March 31, 2018	As at March 31, 2017
	No.	No.
Equity shares allotted as fully paid bonus shares by capitalization of securities premium (FY 2013 - 2014)	2,379,748	2,379,748
Equity shares issued for consideration other than cash pursuant to scheme of amalgamation with erstwhile Jyothy Consumer Products Limited (JCPL) (FY 2013 - 2014)	2,379,748	2,379,748
	<b>4,759,496</b>	<b>4,759,496</b>

In addition the company has issued 770,591 (2017 - 660,228) equity shares during the period of five years immediately preceding the reporting date on exercise of option granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

- d. **Shares reserved for issue under option**

For details of shares reserved for issue under the employee stock option plan (ESOP) of the company, please refer Note 37.

## 16 OTHER EQUITY

- A. **Other Equity consist of following :**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Retained earnings</b>		
Balance, beginning of the year	7,709.35	(18,232.05)
Profit for the year	18,616.71	20,814.54
Other Comprehensive Income	47.36	(123.25)
Transfer from general reserves *	35,000.00	-
Cash dividend (Note 16(c))	(10,901.02)	(1,811.20)
Dividend distributions tax (DDT) (Note 16(c))	(2,219.19)	(368.72)
Transfer from Debenture Redemption Reserve	5,000.00	13,680.03
Transfer to Debenture Redemption Reserve	(3,750.00)	(6,250.00)
<b>Net surplus in the statement of profit and loss</b>	<b>49,503.21</b>	<b>7,709.35</b>
<b>Other Reserves</b>		
<b>Foreign Currency Translation Reserve</b>		
Balance, beginning of the year	-	-
Add: Addition during the year	(20.35)	-
<b>Balance, end of the year</b>	<b>(20.35)</b>	<b>-</b>
<b>Capital Reserve</b>		
Balance, beginning of the year	5,480.32	5,480.32
<b>Balance, end of the year</b>	<b>5,480.32</b>	<b>5,480.32</b>
<b>Securities premium</b>		
Balance, beginning of the year	48,836.81	47,855.49
Add: Increase on issuance of share capital under ESOP scheme (Note 37)	189.02	981.32
<b>Balance, end of the year</b>	<b>49,025.83</b>	<b>48,836.81</b>

# Notes

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₹ in Lacs

## 16 OTHER EQUITY (Continued)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Debenture Redemption Reserve</b>		
Balance, beginning of the year	6,250.00	13,680.03
Add: Transferred from retained earning	3,750.00	6,250.00
Less: Transferred to retained earning	(5,000.00)	(13,680.03)
<b>Balance, end of the year</b>	<b>5,000.00</b>	<b>6,250.00</b>
<b>General reserves</b>		
Balance, beginning of the year	35,414.08	35,414.08
Less: Transferred to retained earning *	(35,000.00)	-
<b>Balance, end of the year</b>	<b>414.08</b>	<b>35,414.08</b>
<b>Employee Stock Option Outstanding</b>		
Balance, beginning of the year	3,393.70	4,138.72
Add: Compensation on stock option granted during the year	(5.09)	236.30
Less: Transfer to securities premium on exercise of stock options	(189.02)	(981.32)
	<b>3,199.59</b>	<b>3,393.70</b>
	<b>112,602.68</b>	<b>107,084.26</b>

\* The Board of Directors of the Company in their meeting held on May 16, 2018 resolved to transfer from balance available in General Reserves of ₹ 35,000 Lacs to the Retained Earnings.

### B. Nature and purpose of reserves

- Retained earnings - Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.
- Capital reserves - During amalgamation, the excess of net assets taken, over the cost of consideration paid is treated as capital reserve.
- Securities premium - The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve.
- Debenture redemption reserve (DRR) - The money set aside can be used for payment of interest or redeemable debentures maturing during the year.
- General reserves - The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
- Employee stock option outstanding - The fair value of the equity-settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.
- Foreign Currency Translation Reserve - The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.

# Notes

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₹ in Lacs

## 16 OTHER EQUITY (Continued)

### C. Distribution made and Proposed

Particulars	As at March 31, 2018	As at March 31, 2017
Cash dividend on equity shares declared and paid		
Final dividend for the year ended March 31, 2017 ₹6 per share, (2016 - ₹1 per share)	10,901.02	1,811.20
Dividend distribution tax on final dividend	2,219.19	368.72
	<b>13,120.21</b>	<b>2,179.92</b>
Proposed dividends on equity shares*		
Final dividend for the year ended March 31, 2018 ₹ 0.5 per share, (2017 - ₹6 per share)	1,817.94	10,901.02
Dividend distribution tax on final dividend	373.68	2,219.19
	<b>2,191.62</b>	<b>13,120.21</b>

\*Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as liability (including DDT thereon) as at March 31, 2018. The Board of Directors at its meeting held on May 16, 2018, proposed a bonus issue of equity shares, subject to the approval of the shareholders at the annual general meeting, in the ratio of one equity share of ₹1 each for every one equity share of the Company held by the shareholders as on a record date. The proposed dividend, as disclosed above, includes dividend on such bonus shares.

## 17 BORROWINGS

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Term loans from Bank (Secured) (Note 1 & 7 below)	552.44	727.44	10,064.89	-
Loan from Bank (Secured) (Note 8 below)	-	-	10,064.89	-
Unsecured Loans from Banks (Note 9 below)	-	-	7,550.32	-
Secured Redeemable Non Convertible Debentures				
2,000 (2017 - 4,000) Debentures of ₹10,00,000 (2017 - ₹10,00,000) each (Note 2 below)	20,000.00	40,000.00	-	-
Secured Zero Coupon Non Convertible Debentures				
Nil (2017 - 400) Debentures of ₹Nil (2017 - ₹10,00,000) each (Note 3 below)	-	4,000.00	-	-
Secured Redeemable Zero Coupon Non Convertible Debentures				
600 (2017 - Nil) Debentures of ₹10,00,000 (2017 - ₹Nil) each (Note 4 below)	6,000.00	-	-	-
Deferred Payment Liability (Unsecured) (Note 5 below)	180.00	180.00	-	-
Commercial Paper (Unsecured) (Note 6 below)	-	-	-	4,919.04
Amount disclosed under 'Other Financial Liabilities' (Note 21)	(26,355.00)	(44,355.00)	-	-
	<b>377.44</b>	<b>552.44</b>	<b>27,680.10</b>	<b>4,919.04</b>

# Notes

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₹ in Lacs

## 17 BORROWINGS (Continued)

### Details of loan:

- 1) Term loan of ₹ 552.44 ( 2017 - ₹ 727.44) from bank has been taken in financial year 2012-13. The loan is repayable in 32 quarterly instalments beginning from August 2013. The loan is secured by exclusive first charge on the entire fixed assets and current assets of the JFSL-JLL (JV) and further secured by corporate guarantee given by the company.
- 2) The Company had issued 4,000 unlisted, non-convertible debentures of ₹ 10 lacs each aggregating to ₹ 40,000 lacs. These debentures carry a interest of 7.2% p.a upto March 31, 2017, 7.5% p.a from April 1, 2017 to November 30, 2017 and 8% p.a from December 1, 2017 to November 9, 2018. 25% of the debenture amount is repaid on February 1, 2018 and 25% on February 8, 2018, while the balance 50% is repayable at par at the end of 23rd month from the date of allotment. The debenture terms give call option / put option to the issuer / holder, the exercise price being at par. However, these are embedded derivative which are closely related to the host contract and accordingly under IND AS 109, they have not been separately accounted for. These debenture are secured by negative lien on fixed assets of the Company and do not carry any debt covenant.
- 3) 400 Secured Zero Coupon Non Convertible Debentures of ₹ 10,00,000 each has been repaid in current year.
- 4) 600 Secured Zero Coupon Non Convertible Debentures of ₹ 10,00,000 each - Redeemable at a premium of ₹ 256,477 per debenture after 3 years from the date of allotment i.e. January 11, 2018. The debenture holders have a put option at the end of every 6 months from the date of allotment. The Debentures are unsecured and covered by corporate guarantee given by the Company.
- 5) Deferred payment liability represent amount payable under the memorandum of understanding (MOU) entered into with the DRDE/DRDO of the Ministry Of Defence, Government of India for transfer of technology for certain products. These are due for payment as per the Agreement.
- 6) The Commercial Paper carries interest rate of 6.75% and repaid on 28th June, 2017.
- 7) During the year, Company taken secured term loan of ₹ 10,000 lacs at interest at 7.64% and repayable on February 05, 2023. The term loan terms give call option / put option to the issuer / holder and are secured by negative lien on fixed assets of the Company.
- 8) During the year, Company taken short term secured loan of ₹ 10,000 lacs at interest at 7.64% and repayable on August 20, 2018. These loan are secured by stock and book debt of the Company.
- 9) During the year, Company taken unsecured short term loan of ₹ 7,500 lac at interest at 7.9% p.a. and same is repayable on July 26, 2018.

## 18 PROVISIONS

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Provision for employee benefits</b>				
Provision for leave encashment	-	-	1,105.80	1,009.75
Provision for gratuity (Note 32)	2,779.69	2,296.08	12.46	29.43
	<b>2,779.69</b>	<b>2,296.08</b>	<b>1,118.26</b>	<b>1,039.18</b>
<b>Other provisions #</b>				
Provision for wealth tax	-	-	-	4.17
Provision for litigation	-	-	2,175.59	2,175.59
	-	-	2,175.59	2,179.76
	<b>2,779.69</b>	<b>2,296.08</b>	<b>3,293.85</b>	<b>3,218.94</b>



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₹ in Lacs

## 18 PROVISIONS (Continued)

Particulars	CURRENT	
	As at March 31, 2018	As at March 31, 2017
<b># Movement in other provisions</b>		
As at 1st April	2,179.76	2,179.76
Arising during the year	-	300.00
Reversal during the year	(4.17)	(300.00)
As at 31st March	<b>2,175.59</b>	<b>2,179.76</b>

## 19 OTHER LIABILITIES

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Statutory Dues	-	-	1,348.55	2,081.42
Deferred Investment Subsidy (a)	425.45	-	71.53	-
Advances from customers	-	-	393.29	369.80
Advances towards assets held for sale	-	-	20.00	20.00
Contractual Obligation	-	-	3,489.21	1,993.97
	<b>425.45</b>	<b>-</b>	<b>5,322.58</b>	<b>4,465.19</b>

- (a) The Company has been awarded grants on account of Central capital investment subsidy (CCIS) of ₹568.51 lacs and grants recognised as deferred income, is being amortised over the useful life of the assets in proportion to the usage of the related assets.

## 20 TRADE PAYABLES

Particulars	CURRENT	
	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of micro enterprises and small enterprises (refer note 42 for details of dues to micro and small enterprises)	2,817.28	2,794.55
Total outstanding dues of creditors other than micro enterprises and small enterprises	14,385.99	12,103.50
	<b>17,203.27</b>	<b>14,898.05</b>

## 21 OTHER FINANCIAL LIABILITIES

Particulars	CURRENT	
	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due on loans	639.96	1,904.22
Security deposits	66.47	40.09
Unclaimed dividend *	142.42	106.49
Creditors for capital goods	31.28	19.10
Current maturities of Long Term Borrowings (Note 17)	26,355.00	44,355.00
	<b>27,235.13</b>	<b>46,424.90</b>

\* There are no amounts payable / due to be credited to Investor Education and Protection Fund.

# Notes

to the Consolidated financial statements

₹ in Lacs

## 21 OTHER FINANCIAL LIABILITIES (Continued)

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Breakup of financial liabilities carried at amortised cost</b>				
Borrowing (Note 17)	377.44	552.44	27,680.10	4,919.04
Trade payable (Note 20)	-	-	17,203.27	14,898.05
Other financial liabilities (Note 21)	-	-	27,235.13	46,424.90
<b>Total financial liabilities carried at amortised cost</b>	<b>377.44</b>	<b>552.44</b>	<b>72,118.50</b>	<b>66,241.99</b>

### Terms and conditions of financial liabilities:

- 1) Trade payables are non-interest bearing and are normally settled on 30-60 days term.
- 2) Other payable are non interest bearing and are settled within a year.
- 3) Interest payable is settled as per the term of borrowings.

For explanation on the Group's credit risk management processes, refer Note 46.

## 22 CURRENT TAX LIABILITIES (NET)

Particulars	CURRENT	
	As at March 31, 2018	As at March 31, 2017
Provision for income tax (net of advance tax of ₹3,747.34 (2017 - ₹3,131.28))	552.03	299.01
	<b>552.03</b>	<b>299.01</b>

## 23 REVENUE FROM OPERATIONS

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Sale of goods (including excise duty)	170,785.53	170,321.53
Sale of Services	4,102.27	4,414.01
	<b>174,887.80</b>	<b>174,735.54</b>
<b>Other Operating Income</b>		
Export incentives	47.35	37.31
Agricultural Income	2.85	6.92
Sale of scrap	71.86	32.83
Budgetary support benefit under GST	1,287.51	-
Others	77.76	105.89
	1,487.33	182.95
	<b>176,375.13</b>	<b>174,918.49</b>

Sale of goods includes excise duty collected from customer of ₹1,434.54 lacs (March 2017- ₹ 6,453.30 lacs).  
Sales of goods net of excise duty is ₹ 169,350.99 lacs (March 31, 2017 - ₹ 163,868.23 lacs)

# Notes

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₹ in Lacs

## 24 OTHER INCOME

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Lease rent income (Note 36 A)	13.79	5.37
Profit on sale of fixed assets	3,635.01	7.38
Foreign exchange fluctuation gain (net)	-	58.54
Investment subsidy income	71.53	-
Profit on sale of current investments	312.19	125.92
Net change in fair value of financial assets measured at FVTPL	85.25	109.48
Interest on fixed deposit	442.97	650.68
Interest on Others	217.57	65.39
Interest on Income tax refund	118.95	1.64
Miscellaneous income	14.92	43.95
	<b>4,912.18</b>	<b>1,068.35</b>

## 25 COST OF RAW MATERIALS AND COMPONENTS CONSUMED

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Inventory at the beginning of the year	5,402.51	5,034.18
Add: Purchases	56,752.82	52,792.87
	<b>62,155.33</b>	<b>57,827.05</b>
Less: Inventory at the end of the year	4,837.65	5,402.51
	<b>57,317.68</b>	<b>52,424.54</b>

## 26 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>Closing inventory</b>		
Finished goods	8,735.00	8,438.11
Traded Goods	2,394.78	3,437.89
Work in progress	1,915.08	1,525.59
	<b>13,044.86</b>	<b>13,401.59</b>
<b>Opening inventory</b>		
Finished goods	8,438.11	8,094.05
Traded Goods	3,437.89	3,154.31
Work in progress	1,525.59	1,547.72
	<b>13,401.59</b>	<b>12,796.08</b>
	<b>356.73</b>	<b>(605.51)</b>

# Notes

to the Consolidated financial statements

₹ in Lacs

## 27 EMPLOYEE BENEFITS EXPENSES

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Salaries, wages and bonus	15,064.59	13,870.05
Contribution to provident and other funds	1,097.46	1,007.72
Gratuity (Note 32 I)	631.94	364.29
Staff welfare expenses	638.65	704.37
Directors' remuneration (Note 34)	1,263.63	1,067.00
Field staff incentives	386.75	275.00
<b>Sub-total (A)</b>	<b>19,083.02</b>	<b>17,288.43</b>
Employee stock option expenses (Note 37)	(4.72)	236.30
<b>Sub-total (B)</b>	<b>(4.72)</b>	<b>236.30</b>
<b>Total (A+B)</b>	<b>19,078.30</b>	<b>17,524.73</b>

## 28 FINANCE COST

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Interest on term loan and bank overdraft	1,229.98	794.84
Redemption premium / Interest accrued on debentures	3,287.05	4,782.42
Interest on Income tax	233.92	-
Other borrowing cost	55.85	69.39
	<b>4,806.80</b>	<b>5,646.65</b>

## 29 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Depreciation on tangible assets	3,014.71	2,893.32
Amortization of intangible assets	98.12	112.23
	<b>3,112.83</b>	<b>3,005.55</b>

## 30 OTHER EXPENSES

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Power and fuel expenses	2,774.20	2,700.47
Rent (Note 36)	2,312.64	2,184.91
Insurance	175.64	127.71
Repairs and maintenance		
- Building	59.57	99.07
- Plant and machinery	315.42	291.55
- Others	310.73	285.78
Consumption of stores and spares	510.73	635.28
Research and development	76.74	109.99
Printing and stationery	61.70	78.18
Communication costs	267.92	342.21

# Notes

to the Consolidated financial statements

₹ in Lacs

## 30 OTHER EXPENSES (Continued)

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Legal and professional fees (Note 40)	1,119.80	1,280.52
Rates and taxes	306.60	629.62
Directors' sitting fees	3.85	5.85
Vehicle maintenance	334.94	363.23
Donation	3.83	6.18
Loss on fixed assets discarded / sold	1.16	87.60
Conversion charges	322.92	996.33
Bad debt written off	6.46	35.53
Provision for doubtful advances	17.82	55.00
Advertisement and Sales Promotion expense	16,461.88	11,852.61
Freight, handling and forwarding charges	10,320.05	10,088.97
Field staff expenses	1,538.96	1,498.76
Travelling and conveyance	441.10	522.19
Loss on sale of asset held for sale	-	18.20
Royalty	298.85	287.94
Corporate social responsibility expenses (Note 35)	508.78	244.43
Miscellaneous expenses	2,344.44	1,085.72
	<b>40,896.73</b>	<b>35,913.83</b>

## 31 INCOME TAX

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>a. Profit or loss section</b>		
<b>Income tax expense</b>		
<b>Current tax</b>		
Current period	4,231.21	3,435.30
Adjustment of tax relating to earlier periods	(143.65)	785.27
	<b>4,087.56</b>	<b>4,220.57</b>
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	2,098.85	(6,770.76)
	<b>6,186.41</b>	<b>(2,550.19)</b>
<b>b. OCI section</b>		
<b>Deferred tax related to items recognised in OCI during in the year</b>		
Net loss /(gain) on remeasurements of defined benefit plans	(27.65)	61.12
	<b>(27.65)</b>	<b>61.12</b>
<b>c. Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate</b>		
Accounting profit before tax	24,073.43	17,865.07
Tax rate	34.608%	34.608%
Tax at statutory rate	8,331.33	6,182.74
<b>Less:</b>		
Deferred tax assets created pursuant to merger of JCPML	-	(9,579.80)
Income tax incentives	(3,106.19)	(371.97)
Corporate social responsibility expenditure	176.08	84.59
Expenses not deductible for tax purposes	1.33	-

# Notes

to the Consolidated financial statements

₹ in Lacs

## 31 INCOME TAX (Continued)

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Deductions allowed under various section of Income Tax Act, 1961	(41.53)	-
Expenses/ losses disallowed under Income Tax Act, 1961	785.79	-
Long Term Capital Gains on sale of land taxed at different rate and unrecognised deferred tax assets	(591.56)	-
Adjustment to current tax of prior periods	(143.65)	785.27
Non deductible tax loss of subsidiaries	597.33	500.25
Others	177.49	(151.27)
<b>Adjusted tax expense</b>	<b>6,186.41</b>	<b>(2,550.19)</b>
<b>Tax expense</b>	<b>6,186.41</b>	<b>(2,550.19)</b>

### d. Movement in Deferred tax Assets and Liabilities

Movement during the year ended March 31, 2017	As at March 31, 2016	Credit/ (charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	On account of Merger	As at March 31, 2017
Depreciation	(6,016.66)	(191.01)	-	-	(6,207.67)
Freehold Land	(353.64)	2.35	-	-	(351.29)
Fair value adjustments	(80.70)	11.15	-	-	(69.55)
Provision for gratuity	610.35	126.48	61.12	-	797.95
Provision for leave encashment	280.44	65.73	-	-	346.17
Provision for doubtful debts	113.44	292.98	-	-	406.42
Provision for doubtful advances	537.97	114.52	-	-	652.49
Other provisions	568.27	184.66	-	-	752.93
Other disallowances	94.73	(19.94)	-	-	74.79
Carry forward losses and unabsorbed depreciation	152.92	-	-	2,752.88	2,905.80
Tax credit (MAT)	9,196.82	2,645.67	-	-	11,842.49
	<b>5,103.94</b>	<b>3,232.59</b>	<b>61.12</b>	<b>2,752.88</b>	<b>11,150.53</b>

Movement during the year ended March 31, 2018	As at March 31, 2017	Credit/ (charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	On account of Merger	As at March 31, 2018
Depreciation	(6,207.67)	(1,004.24)	-	-	(7,211.91)
Freehold Land	(351.29)	351.29	-	-	-
Fair value adjustments	(69.55)	53.81	-	-	(15.74)
Provision for gratuity	797.95	156.25	(27.65)	-	926.55
Provision for leave encashment	346.17	10.91	-	-	357.08
Provision for doubtful debts	406.42	3.94	-	-	410.36
Provision for doubtful advances	652.49	(477.69)	-	-	174.80
Other provisions	752.93	7.31	-	-	760.24
Other disallowances	74.79	(28.67)	-	-	46.12
Carry forward losses and unabsorbed depreciation	2,905.80	(2,905.80)	-	-	-
Tax credit (MAT)	11,842.49	1,734.04	-	-	13,576.53
	<b>11,150.53</b>	<b>(2,098.85)</b>	<b>(27.65)</b>	<b>-</b>	<b>9,024.03</b>



# Notes

to the Consolidated financial statements

₹ in Lacs

## 31 INCOME TAX (Continued)

### e. Unrecognised deferred tax assets

Pursuant to merger of JCPML, during the previous year, the conditions of reasonable certainty for utilisation of unused tax losses as per IND-AS 12- 'Income taxes' are met on the effective date of the merger and accordingly, the deferred tax assets has been recognised on such unused tax losses.

Deferred tax assets have not been recognised in respect of losses in other subsidiaries as they cannot be used to offset taxable profits else where in the group and there are no other tax planning opportunities or other evidence of recoverability in the near future.

### f. These unrecognised deferred tax assets of these subsidiaries as at the reporting dates are as given below:-

Particulars	Mar-18		Mar-17	
	Gross Amount	Tax	Gross Amount	Tax
Tax Losses	16,386.51	4,219.52	13,620.23	4,713.70

### Breakup of Tax losses

Particulars	As at 31 March 2018		Expiry Date (Assessment Year)	As at 31 March 2017		Expiry Date (Assessment Year)
	Gross amount	Unrecognised Tax effect		Gross amount	Unrecognised Tax effect	
Brought forward losses (allowed to carry forward for specific period)	1,105.16	284.58	2019-20	552.36	191.16	2018-19
Brought forward losses (allowed to carry forward for specific period)	1,924.75	495.62	2020-21	1,105.16	382.47	2019-20
Brought forward losses (allowed to carry forward for specific period)	1,974.89	508.53	2021-22	1,924.75	666.12	2020-21
Brought forward losses (allowed to carry forward for specific period)	2,163.40	557.08	2022-23	2,036.75	704.88	2021-22
Brought forward losses (allowed to carry forward for specific period)	1,701.24	438.07	2023-24	2,264.44	783.68	2022-23
Brought forward losses (allowed to carry forward for specific period)	1,040.96	268.05	2024-25	1,701.24	588.77	2023-24
Brought forward losses (allowed to carry forward for specific period)	1,164.74	299.92	2025-26	1,060.00	366.85	2024-25

# Notes

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₹ in Lacs

## 31 INCOME TAX (Continued)

Particulars	As at 31 March 2018		Expiry Date (Assessment Year)	As at 31 March 2017		Expiry Date (Assessment Year)
	Gross amount	Unrecognised Tax effect		Gross amount	Unrecognised Tax effect	
Brought forward losses (allowed to carry forward for infinite period)	1,433.26	369.06	2026-27	-	-	
Unabsorbed depreciation (allowed to carry forward for infinite period)	3,878.11	998.61	NA	2,975.53	1,029.77	NA
	<b>16,386.51</b>	<b>4,219.52</b>		<b>13,620.23</b>	<b>4,713.70</b>	

Further, as at 31st March 2018, there was no recognised deferred tax liability (2017 - ₹ Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Group has determined that undistributed profits of the subsidiaries will not be distributed in the foreseeable future.

## 32(I) GRATUITY

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India(LIC).

The following tables summarise the components of net benefit expense recognised in the Consolidated Statement profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Particulars	March 31, 2018	March 31, 2017
	Gratuity	Gratuity
	<b>Funded, except for certain subsidiaries where it is non funded</b>	
<b>(A) Summary of the actuarial assumptions</b>		
Mortality	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Discount rate	7.5% - 7.9%	6.9% - 7.1%
Rate of increase in compensation	8% - 10%	8.00%
Withdrawal rates	9% - 15%	10% - 15%
The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
The overall expected rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.		
<b>(B) Changes in present value of obligations (PVO)</b>		
PVO at beginning of period	2,653.52	2,161.26
Interest cost	187.88	168.46
Current Service Cost	247.47	224.77
Benefits Paid	(146.43)	(71.41)

# Notes

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₹ in Lacs

## 32(I) GRATUITY (Continued)

Particulars	March 31, 2018	March 31, 2017
Past Service Cost	213.22	-
Remeasurement gains/(losses) arising from changes in demographic assumptions	(0.63)	(5.12)
Remeasurement gains/(losses) arising from changes in financial assumptions	(139.27)	121.98
Experience adjustments	51.14	53.58
PVO at end of period	3,066.90	2,653.52
<b>(C) Changes in fair value of plan assets</b>		
Fair value of plan assets at the beginning of period	328.01	371.14
Investment Income	23.25	28.93
Benefit paid	(62.78)	(58.13)
Return on plan assets	(13.73)	(13.93)
Fair value of plan assets at end of period	274.75	328.01
<b>(D) Expenses recognised in the statement of profit and loss</b>		
Current service cost	247.47	224.77
Past Service Cost	213.22	-
Net Interest cost on the Net Defined Benefit Liability / (Asset)	164.62	139.52
Benefits paid directly paid by the group	6.63	-
Expense recognised in the statement of profit and loss	631.94	364.29
<b>(E) Remeasurement gains/(losses) in other comprehensive income</b>		
Return on plan assets	13.73	13.93
Remeasurement gains/(losses) arising from changes in demographic assumptions	(0.63)	(5.12)
Remeasurement gains/(losses) arising from changes in financial assumptions	(139.27)	121.98
Experience adjustments	51.14	53.58
Total amount recognised in OCI	(75.03)	184.37
<b>(F) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:</b>		
Investment with insurer	100%	100%
<b>(G) Net assets/(liabilities) recognised in the balance sheet</b>		
PVO at end of period	(3,066.90)	(2,653.52)
Fair value of plan assets at end of period	274.75	328.01
Funded status (deficit in fair value of plan assets over PVO)	(2,792.15)	(2,325.51)
Net assets / (Liability) recognised in the balance sheet	(2,792.15)	(2,325.51)

These defined benefit plan exposed to actuarial risk, such as longevity risk, currency risk, interest rate risk and market risk.

Fund is Managed by LIC as per Insurance Regulatory and Development Authority guidelines, category-wise composition of the plan assets is not available.

### (H) Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

# Notes

to the Consolidated financial statements

₹ in Lacs

## 32(I) GRATUITY (Continued)

The results of sensitivity analysis is given below:

Particulars	March 31, 2018		March 31, 2017	
Defined Benefit Obligation (Base)	3,066.90		2,653.52	

Particulars	March 31, 2018		March 31, 2017	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	3,278.72	2,877.47	2,837.38	2,489.30
(% change compared to base due to sensitivity)	6.91%	-6.18%	6.93%	-6.19%
Salary Growth Rate (- / + 1%)	2,886.77	3,263.85	2,506.98	2,810.76
(% change compared to base due to sensitivity)	-5.87%	6.42%	-5.52%	5.93%
Attrition Rate (- / + 50% of attrition rates)	3,077.32	3,061.20	2,684.62	2,632.90
(% change compared to base due to sensitivity)	0.34%	-0.19%	1.17%	-0.78%
Mortality Rate (- / + 10% of mortality rates)	3,066.85	3,066.99	2,653.53	2,653.53
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

### (I) Asset Liability Matching Strategies

The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity outgoes during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

### (J) Effect of Plan on Entity's Future Cash Flows

#### a) Funding arrangements and Funding Policy

The Group has purchased an insurance policy to meet the liability on account of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group.

#### b) Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cashflows)	7 years
Expected cash flows over the next (valued on undiscounted basis)	₹
1 year	436.36
2 to 5 years	1,384.78
6 to 10 years	1,504.44
More than 10 years	2,396.16

#### c) The Group expects to contribute ₹ Nil (2017 - ₹ Nil) to gratuity fund.

# Notes

to the Consolidated financial statements

₹ in Lacs

## 32 GRATUITY (Continued)

### (II) SUPERANNUATION

The Company Contributed ₹ 41.73 lacs and ₹ 31.93 lacs to the superannuation plan during the years ended March 31, 2018 and March 31, 2017, respectively and same has been recognized in the Statement of Profit and Loss under the head employee benefit expense.

### (III) PROVIDENT FUND

The Company Contributed ₹ 952.79 lacs and ₹ 832.01 lacs to the employee provident fund during the years ended March 31, 2018 and March 31, 2017, respectively and same has been recognized in the Statement of Profit and Loss under the head employee benefit expense.

## 33 SEGMENT REPORTING

Based on the "management approach" as defined in Ind AS 108 - 'Operating Segments', the Chief Operating Decision Maker evaluates the Groups performance and allocate resources based on an analysis of various 'performance indicators by business segments and segment information is presented accordingly as follows :

1. Dishwashing includes dish wash scrubber and scrubber steel, dish wash bar, liquid and powder.
2. Fabric Care includes fabric whitener, fabric enhancer, bar soap and detergent powder.
3. Household Insecticides includes mosquito repellent coil, liquid and card and insect repellents.
4. Personal Care includes body soap, face wash, toothpaste, deodorants, talcum powder, after shave and moisturiser.
5. Laundry services includes drycleaning and laundry.
6. Others includes incense sticks and floor shine.

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets. Assets at corporate level are not allocable to segments on a reasonable basis and thus the same have not been allocated. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liability.

Goodwill identifiable to operating segments are included in segment assets. However, where goodwill relates to multiple operating segments and it is not practicable to allocate between segments, it is included in unallocated assets. Finance cost, finance income and fair value gains and loss on financial assets are not allocated to any operating segments as the Group reviews the treasury and finance cost at the group level.

Accordingly, borrowings are also considered in unallocated liabilities.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to segments as they are also managed on group basis.

Capital expenditure consists of addition of property, plant and equipment and intangible assets.

Transfer pricing between operating segments are on as arm length basis in a manner similar to transaction with third parties.

Intersegment revenue are eliminated upon consolidation and reflected in the 'adjustment and eliminations' column. All other adjustment and eliminations are part of detailed reconciliation presented further below.

# Notes

to the Consolidated financial statements

₹ in Lacs

## 33 SEGMENT REPORTING (Continued)

Year ended March 31, 2018

Particulars	Dishwashing	Fabric care	Household insecticides	Personal care	Laundry services	Other products	Total Operating segments	Adjustments and eliminations	Total segments
<b>Revenue</b>									
External revenue	52,909.17	72,296.12	24,381.17	18,992.81	4,102.27	3,693.59	176,375.13	-	176,375.13
Inter segment revenue	1.36	29.52	4.06	-	-	-	34.94	(34.94)	-
<b>Total revenue</b>	<b>52,910.53</b>	<b>72,325.64</b>	<b>24,385.23</b>	<b>18,992.81</b>	<b>4,102.27</b>	<b>3,693.59</b>	<b>176,410.07</b>	<b>(34.94)</b>	<b>176,375.13</b>
<b>Income/(Expenses)</b>									
Depreciation and amortisation	(386.23)	(1,160.73)	(461.37)	(173.97)	(473.36)	(10.21)	(2,665.87)	(446.95)	(3,112.83)
Segment profit	7,450.41	16,516.49	377.01	2,801.88	(1,248.05)	(97.62)	25,800.12	(1,726.69)	24,073.43
<b>Total assets</b>	<b>16,560.72</b>	<b>30,796.17</b>	<b>14,867.04</b>	<b>6,998.13</b>	<b>13,187.22</b>	<b>1,368.19</b>	<b>83,777.47</b>	<b>114,117.85</b>	<b>197,895.32</b>
<b>Total liabilities</b>	<b>8,398.05</b>	<b>10,216.94</b>	<b>6,562.03</b>	<b>2,863.45</b>	<b>698.46</b>	<b>431.24</b>	<b>29,170.17</b>	<b>55,699.37</b>	<b>84,869.54</b>
Capital expenditure	1,762.89	1,021.94	292.43	355.61	229.99	126.13	3,788.99	68.22	3,857.21

Year ended March 31, 2017

Particulars	Dishwashing	Fabric care	Household insecticides	Personal care	Laundry services	Other products	Total Operating segments	Adjustments and eliminations	Total segments
<b>Revenue</b>									
External revenue	50,891.18	73,776.58	26,118.57	15,954.89	4,413.01	3,764.26	174,918.49	-	174,918.49
Inter segment revenue	136.00	14.00	-	2.00	-	-	152.00	(152.00)	-
<b>Total revenue</b>	<b>51,027.18</b>	<b>73,790.58</b>	<b>26,118.57</b>	<b>15,956.89</b>	<b>4,413.01</b>	<b>3,764.26</b>	<b>175,070.49</b>	<b>(152.00)</b>	<b>174,918.49</b>
<b>Income/(Expenses)</b>									
Depreciation and amortisation	(178.26)	(1,333.05)	(399.01)	(158.16)	(575.60)	(5.73)	(2,649.81)	(355.74)	(3,005.55)
Segment profit	6,467.30	15,420.76	406.72	3,024.20	(1,224.97)	165.81	24,259.82	(6,394.75)	17,865.07
<b>Total assets</b>	<b>13,460.00</b>	<b>29,950.70</b>	<b>14,582.99</b>	<b>6,596.00</b>	<b>13,558.05</b>	<b>946.26</b>	<b>79,094.00</b>	<b>106,215.60</b>	<b>185,309.60</b>
<b>Total liabilities</b>	<b>5,717.66</b>	<b>9,024.92</b>	<b>5,718.30</b>	<b>3,217.20</b>	<b>738.20</b>	<b>280.12</b>	<b>24,696.40</b>	<b>52,377.25</b>	<b>77,073.65</b>
Capital expenditure	1,860.43	1,857.84	753.20	1,070.00	218.88	33.43	5,793.78	(20.16)	5,773.62

Reconciliations to amount reflected in the financial statements :

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>A) Reconciliation of profit</b>		
Segment profit	25,800.12	24,259.82
Other Income (Note 24)	779.49	717.71
Other unallocable income	4,003.77	179.08
Gain on financial assets fair valued through profit or loss (Note 24)	85.25	109.48
Finance cost (Note 29)	(4,806.80)	(5,646.65)
Other unallocable expenses	(1,788.40)	(1,754.37)
<b>Profit before tax</b>	<b>24,073.43</b>	<b>17,865.07</b>
<b>B) Reconciliations of assets</b>		
Segment operating assets	83,777.47	79,094.00
Investment (Note 5 and 13)	11,317.73	2,848.42
Other financial assets (Note 8)	44.11	516.03
Non current tax assets (net) (Note 9)	1,172.23	2,571.27
Deferred tax asset (net) (Note 10)	9,024.03	11,150.53
Cash and cash equivalent	12,867.18	9,713.09
Other unallocable assets	1,696.81	1,582.89

# Notes

to the Consolidated financial statements

₹ in Lacs

## 33 SEGMENT REPORTING (Continued)

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Tangible and Intangible assets	77,995.76	77,833.37
<b>Total assets</b>	<b>197,895.32</b>	<b>185,309.60</b>
<b>C) Reconciliations of liabilities</b>		
Segment operating liabilities	29,170.17	24,696.40
Borrowings	54,232.54	49,646.48
Current tax liabilities (net) (Note 22)	552.03	299.01
Interest accrued but not due on loans (Note 21)	639.96	1,904.22
Other unallocable liabilities	274.84	527.54
<b>Total liabilities</b>	<b>84,869.54</b>	<b>77,073.65</b>
<b>Revenue from external customers</b>		
India	171,602.06	170,387.25
Outside India	4,773.07	4,531.24
<b>Total revenue per consolidated statement of profit or loss</b>	<b>176,375.13</b>	<b>174,918.49</b>

The revenue information above is based on the location of the customers.

Revenue from one customer amounted to ₹ 21,248.91 (2017 - ₹ 21,798.02) arising from sales in various segment.

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current operating assets</b>		
India	110,565.29	110,458.46
Outside India	36.19	120.90
<b>Total</b>	<b>110,601.48</b>	<b>110,579.36</b>

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

## 34 RELATED PARTY DISCLOSURES

- a) Parties where control exists

**Individual having control**

M.P. Ramachandran

Chairman and Managing Director

As the Managing Director of the Company is an individual having control and hence not separately disclosed as a key management personnel.

- b) Related party relationships where transactions have taken place during the year

**Firm / HUF in which the relatives of individual having control are partners / members / proprietor**

Quilon Trading Co.

M.P. Divakaran - H.U.F.

M.P. Sidharthan - H.U.F.

Jaya Trust

w.e.f. September 22, 2016

**Relative of individual having control**

M.P. Sidharthan

M.R. Jyothy

M.R. Deepthi

Ananth Rao T

Ravi Razdan

M.P. Divakaran



# Notes

to the Consolidated financial statements

₹ in Lacs

## 34 RELATED PARTY DISCLOSURES (Continued)

Enterprises significantly influenced by key management personnel or their relatives  
Sahyadri Agencies Ltd.

### Key management personnel

K. Ullas Kamath	Joint Managing Director & CFO
S. Raghunandan	Whole Time Director & CEO upto May 23, 2016
Rajnikant Sabnavis	Chief Operating Officer w.e.f. May 23, 2016
Bipin R. Shah	Independent Director upto August 11, 2016
Nilesh B. Mehta	Independent Director
R. Lakshminarayanan	Independent Director
K. P. Padmakumar	Independent Director
M.R. Jyothy	Director

### Additional related party as per Companies Act, 2013

M.L. Bansal	Company Secretary upto May 23, 2016
Shreyas Trivedi	Company Secretary from May 23, 2016

### c) Transactions with related parties during the year

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
<b>M.P. Ramachandran</b>		
Remuneration*	₹1 only	₹1 only
Commission	402.96	358.83
Dividend	4,208.22	723.12
<b>Sahyadri Agencies Ltd.</b>		
Dividend	900.00	150.00
<b>Quilon Trading Company</b>		
Rent Expense	1.20	1.20
<b>M.P. Divakaran - H.U.F.</b>		
Dividend	114.24	19.04
<b>M.P. Sidharthan - H.U.F.</b>		
Dividend	79.20	13.20
<b>Relatives of individuals having control</b>		
Remuneration*		
M R Jyothy	219.60	131.76
M P Sidharthan	24.00	24.00
M R Deepthy	39.82	47.71
Ananth Rao T	63.84	57.12
Ravi Razdan	53.09	47.71
M. P. Divakaran	24.00	24.00
Dividend	1,903.29	290.94
<b>Key management personnel</b>		
Remuneration*#		
K. Ullas Kamath	336.00	227.25
S. Raghunandan	-	1,515.66
M.L. Bansal	-	9.71
Rajnikant Sabnavis	287.77	383.79
Shreyas Trivedi	68.97	58.38

# Notes

to the Consolidated financial statements

₹ in Lacs

## 34 RELATED PARTY DISCLOSURES (Continued)

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Dividend		
K. Ullas Kamath	87.08	14.51
Contribution to Superannuation fund		
K. Ullas Kamath	30.00	20.29
Fee for attending board / committee meetings		
Bipin R. Shah	-	0.60
Nilesh B. Mehta	1.50	1.55
R. Lakshminarayanan	1.30	1.05
K. P. Padmakumar	0.60	0.90
Commission		
K. Ullas Kamath	362.67	322.94
Nilesh B. Mehta	8.00	8.00
R. Lakshminarayanan	8.00	8.00
K. P. Padmakumar	8.00	8.00

\* As the future liabilities for gratuity is provided on an actuarial basis for the Group as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

# In the earlier years, the Company had applied to the Central Government for approval of grant of ESOP's to a whole time director and CEO as the value of the ESOP's granted were expected to be in excess of the eligible limits under the Companies Act, as applicable. During financial year 2016-17, certain ESOP's have been exercised by the Director and as managerial remuneration includes the perquisite value of ESOP's in the year in which it is exercised, the overall value of Managerial Remuneration for the year ended March 31, 2017 is in excess of the limits to the extent of ₹ 783.64 lacs. The Company has received an approval from the Central Government on May 1, 2017 for an amount that can be paid to the director for the three years ending May 2017, however, the said ESOP's have not been considered separately. The Company has made a representation seeking approval of grant of ESOP's. On January 3, 2018, the provisions of the Section 197 of the Companies Act, 2013 is amended and accordingly all the pending applications with the Central Government shall abate, and the Company shall obtain the approval in accordance with the revised provision of the Act, within a period of one year and pay remuneration to managerial personnel. Pending notification of the said amendment and necessary approval, the shares issued to the managerial personnel are held by him in trust.

### d) Related party balances

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Amounts payable</b>		
<b>Trade payables</b>		
Individual having control		
M.P. Ramachandran	402.96	358.83
Key management personnel		
K. Ullas Kamath	362.67	322.94
Nilesh B. Mehta	8.00	8.00
R. Lakshminarayanan	8.00	8.00
K. P. Padmakumar	8.00	8.00

Terms and conditions of transactions with related parties

The Sales to / purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

# Notes

to the Consolidated financial statements

₹ in Lacs

## 35 EXPENDITURE RELATED TO CORPORATE SOCIAL RESPONSIBILITY AS PER SECTION 135 OF THE COMPANIES ACT, 2013 READ WITH SCHEDULE VII IS AS GIVEN BELOW:

Particulars	April 1, 2017 to March 31, 2018			April 1, 2016 to March 31, 2017		
(a) Gross amount required to be spent during the year			335.03			294.10
	In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
(b) Amount spend during the year						
Contribution to various educational institutions	-	-	-	0.40	-	0.40
Rural/slum area development	119.55	-	119.55	53.32	-	53.32
Contribution to Mathrubhumi Mission Medical College	-	-	-	25.00	-	25.00
Imparting Skill Development Training	389.23	-	389.23	163.99	-	163.99
Others	-	-	-	1.72	-	1.72
<b>Total</b>	<b>508.78</b>	<b>-</b>	<b>508.78</b>	<b>244.43</b>	<b>-</b>	<b>244.43</b>

## 36 COMMITMENTS AND CONTINGENCIES

### A) Operating Lease

#### In case of assets taken on lease

The Group has entered into Lease agreements for premises, which expire at various dates over the next one year. Certain agreements provide for increase in rent. Lease rental expense for the year ended March 31, 2018 was ₹ 2,312.64 (2017 - ₹ 2,184.91). There are no restrictions imposed by lease arrangements. There are no subleases.

Particulars	As at March 31, 2018	As at March 31, 2017
Future lease payment under non - cancellable operating leases are as follows:		
Payable not later than one year	386.23	299.79
Payable later than one year and not later than five years	567.17	831.08
Payable later than five years	-	-
	<b>953.40</b>	<b>1,130.87</b>

#### In case of assets given on lease

The Group has leased out few of its premises on operating lease. The gross carrying amount and accumulated depreciation as at March 31, 2018 is ₹ 157.89 and ₹ 27.90 (2017 - ₹ 178.06 and ₹ 22.83) respectively. Lease rent income for the year ended March 31, 2018 was ₹ 13.79 (2017 - ₹ 5.37). There is no escalation clause in the lease agreement and the lease is cancellable in nature. There are no restrictions imposed by lease arrangements.

### B) Capital commitments (net of advances)

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for	536.12	622.89
	<b>536.12</b>	<b>622.89</b>

# Notes

to the Consolidated financial statements

₹ in Lacs

## 36 COMMITMENTS AND CONTINGENCIES (Continued)

### C) Contingent liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
In respect of the following, the Group has assessed that it is only possible, but not probable, that outflow of economic resources will be required :		
(i) Tax matters		
(a) Disputed sales tax demands – matters under appeal	1,314.04	2,554.15
(b) Disputed excise duty and service tax demand - matter under appeal	4,955.42	5,034.60
(c) Disputed income tax demand - matter under appeal*	279.33	3,172.93
(ii) Other statutory dues	1.11	1.11
(iii) Claims against the Group not acknowledged as debts.	252.00	226.67

\* The amount shown above does not include contingent liability for assessment years which have been reopened (unless demand order is raised) and those pending assessments.

The above disclosure does not cover matters where the exposure has been assessed to be remote.

## 37 SHARE-BASED PAYMENTS

On August 16, 2014 the Remuneration and Compensation Committee of the Board of Directors of the Company approved the Employee Stock Option Scheme 2014 ("ESOS-2014") for issue of stock options to the key employees and Employee Stock Option Scheme 2014-A ("ESOS- 2014-A") for issue of stock options to Whole Time Director & CEO of the Company. According to the scheme, whole time Director and CEO and eligible employees selected by the Remuneration and Compensation Committee will be entitled to options from time to time, subject to satisfaction of prescribed vesting conditions. The relevant terms of the grant are as below : -

Particulars	("ESOS -2014") Grant – I	("ESOS -2014 - A")
Date of Grant	August 16, 2014	August 16, 2014
Number of options granted	503,445	2,715,352
Vesting period	33% - Year 1 33% - Year 2 34% - Year 3	66.67% - Year 1 16.67% - Year 2 16.66% - Year 3
Exercise period	5 years from the respective dates of vesting	
Exercise Price - Per share	₹ 1	₹ 1
Market price at grant date - Per share	₹ 188.70	₹ 188.70
Average life of option	3.5 years	

The fair value of option granted is estimated at the grant date using Black Scholes valuation model, taking into account the term and conditions upon which the share options were granted.

The following table illustrates the number and movements in share options during the year

Particulars	("ESOS -2014") Grant – I	("ESOS -2014 - A")
Outstanding at April 1, 2016	266,297	2,262,793
Granted during 2016-17	-	-
Forfeited during 2016-17	19,674	-
Exercised during 2016-17	111,486	452,558

# Notes

to the Consolidated financial statements

₹ in Lacs

## 37 SHARE-BASED PAYMENTS (Continued)

Particulars	("ESOS -2014") Grant – I	("ESOS -2014 - A")
Outstanding at March 31, 2017	135,137	1,810,235
Exercisable at March 31, 2017	135,137	1,810,235
Granted during 2017-18	-	-
Forfeited during 2017-18	24,774	-
Exercised during 2017-18	110,363	-
Outstanding at March 31, 2018	-	1,810,235
Exercisable at March 31, 2018	-	1,810,235

For option exercised during the period, weighted average exercise price was ₹ 1 (2017 - ₹ 1) and for weighted average share price at the exercise date was ₹393.75 per share (2017 - ₹324.38).

No new stock option have been granted by the company in the current year.

The following table list inputs to the model used for the year ended March 31, 2018 and March 31, 2017 :

Variables	("ESOS -2014") Grant – I		
	Vest 1	Vest 2	Vest 3
	August 16, 2015	August 16, 2016	August 16, 2017
Volatility	36.19%	37.32%	40.33%
Riskfree Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Dividend yield	1.59%	1.59%	1.59%
<b>Option fair Value vest wise of per stock option granted (₹)</b>	<b>177.75</b>	<b>174.99</b>	<b>172.27</b>

Variables	("ESOS -2014 - A")		
	Vest 1	Vest 2	Vest 3
	August 16, 2015	August 16, 2016	August 16, 2017
Volatility	36.19%	37.32%	40.33%
Riskfree Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Dividend yield	1.59%	1.59%	1.59%
<b>Option fair Value vest wise of per stock option granted (₹)</b>	<b>177.75</b>	<b>174.99</b>	<b>172.27</b>

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Expenses recognised in statement of profit and loss

For details on employee benefit expenses refer Note 27

# Notes

to the Consolidated financial statements

₹ in Lacs

## 38 INFORMATION REQUIRED FOR CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO SCHEDULE III OF COMPANIES ACT, 2013

The above information has been determined to the extent such parties have been identified on the basis of information available with the Group.

Particulars	31-Mar-18							
	Net Assets, i.e. Total Asset minus Total Liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated other comprehensive income	Amount	As % of Consolidated total comprehensive income	Amount
<b>Parent</b>								
Jyothy Laboratories Limited	92.04%	105,314.77	109.67%	19,614.88	185.15%	51.49	109.78%	19,666.37
<b>Subsidiaries</b>								
<b>Indian</b>								
Jyothy Fabricare Services Limited	5.46%	6,247.04	-5.39%	(963.87)	-11.15%	(3.10)	-5.40%	(966.97)
Snoways Laundrers & Drycleaners Private Limited	0.16%	185.95	-0.02%	(3.93)	-	-	-0.02%	(3.93)
Four Seasons Drycleaning Company Private Limited	0.11%	130.81	-0.06%	(11.04)	-	-	-0.06%	(11.04)
M/s JFSL JLL JV (Partnership Firm)	0.45%	519.26	-0.13%	(22.40)	-	-	-0.13%	(22.40)
<b>Foreign</b>								
Jyothy Kallol Bangladesh Limited	0.55%	629.05	-0.04%	(6.74)	-37.65%	(10.47)	-0.10%	(17.21)
<b>Non controlling interest</b>	1.22%	1,394.84	-4.02%	(719.58)	-36.35%	(10.11)	-4.07%	(729.69)
<b>GRAND TOTAL</b>	<b>100.00%</b>	<b>114,421.72</b>	<b>100.00%</b>	<b>17,887.32</b>	<b>100.00%</b>	<b>27.81</b>	<b>100.00%</b>	<b>17,915.13</b>

Particulars	31-Mar-17							
	Net Assets, i.e. Total Asset minus Total Liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated other comprehensive income	Amount	As % of Consolidated total comprehensive income	Amount
<b>Parent</b>								
Jyothy Laboratories Limited	90.73%	98,800.63	107.75%	21,995.80	93.71%	(115.50)	107.82%	21,880.30
<b>Subsidiaries</b>								
<b>Indian</b>								
Jyothy Fabricare Services Limited	7.47%	8,131.58	-5.73%	(1,170.04)	4.74%	(5.85)	-5.79%	(1,175.89)
Snoways Laundrers & Drycleaners Private Limited	0.17%	189.88	0.00%	(0.55)	-	-	0.00%	(0.55)
Four Seasons Drycleaning Company Private Limited	0.12%	134.06	-0.15%	(29.68)	-	-	-0.15%	(29.68)
M/s JFSL JLL JV (Partnership Firm)	0.30%	323.66	0.07%	14.72	-	-	0.07%	14.72
<b>Foreign</b>								
Jyothy Kallol Bangladesh Limited	0.60%	656.14	0.01%	2.37	-0.01%	0.02	0.01%	2.39
<b>Non controlling interest</b>	0.61%	665.15	-1.95%	(397.36)	1.56%	(1.92)	-1.97%	(399.28)
<b>GRAND TOTAL</b>	<b>100.00%</b>	<b>108,901.10</b>	<b>100.00%</b>	<b>20,415.26</b>	<b>100.00%</b>	<b>(123.25)</b>	<b>100.00%</b>	<b>20,292.01</b>

Net assets and share of profits and losses reported in the above table have been considered from the respective audited financial statements after making necessary changes for consolidation adjustments having impact on the consolidated net assets and net profits.

# Notes

to the Consolidated financial statements

₹ in Lacs

- 39** As per the Notification no. 32/99-CE dated July 8, 1999, the Company was entitled to refund of excise duty in Guwahati and Jammu units equivalent to 100% of the amount of the duty paid through Personal Ledger Account ('PLA'). During an earlier year, the Government issued notifications no. 17/2008-CE and 19/2008-CE dated March 27, 2008 restricting the refund amount to a maximum percentage specified in the notification and the Company has accrued only the specified amount. The Company has received a favourable order from the High Court of Guwahati & Jammu and Kashmir in earlier years. Accordingly, the Company has accrued an additional benefit of ₹95.17 (2017 - ₹958.87 ) in the current year.

## 40 PAYMENT TO AUDITORS

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Payment to auditors (excluding service tax)		
As Auditors		
Audit fee	41.00	93.35
Tax audit fees	7.00	9.00
Limited review of quarterly results	42.00	26.40
In other capacity (Certification )	-	2.65
Reimbursement of expenses	2.26	5.43
<b>Total</b>	<b>92.26</b>	<b>136.83</b>

## 41 EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
Net Profit for calculation of basic and diluted EPS	18,606.60	20,812.62
Weighted average number of shares for calculation of basic EPS	181,739,896	181,406,238
Effect of dilution :		
Stock options outstanding	1,805,401	126,449
Weighted average number of shares for calculation of diluted EPS	183,545,297	181,532,687
Basic EPS (₹)	10.23	11.46
Diluted EPS (₹)	10.13	11.45
(i) Weighted average number of equity shares (Basic)		
Opening balance	181,683,724	181,119,680
Effect of share option exercised	56,172	286,558
<b>Weighted average number of shares for calculation of basic EPS</b>	<b>181,739,896</b>	<b>181,406,238</b>
(ii) Weighted average number of equity shares (Diluted)		
Weighted average number of shares for calculation of basic EPS	181,739,896	181,406,238
Effect of share option exercised	1,805,401	126,449
<b>Weighted average number of shares for calculation of basic EPS</b>	<b>183,545,297</b>	<b>181,532,687</b>



# Notes

to the Consolidated financial statements

₹ in Lacs

## 42 MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ('MSMED')

The disclosure pursuant to the said Act is as under :

Particulars	As at March 31, 2018	As at March 31, 2017
Principal amount due to suppliers under MSMED Act	2,817.28	2,794.55
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	5.51	7.08
Interest paid to suppliers under the MSMED Act	-	-
Interest due and payable towards suppliers under MSMED Act towards payment already made	-	-
Interest accrued and remaining unpaid at the end of accounting year	5.51	7.08

The above information has been determined to the extent such parties have been identified on the basis of information available with the Group.

## 43 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### Balance with government authorities and protest payment

The Group has significant receivable from government authorities in respect of protest payment made in earlier years towards Vat/Excise duty matters. The Group has received favourable orders from the Honourable Supreme Court / High Court in these matters and accordingly assessed that all the amounts are fully recoverable.

### b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the

# Notes

to the Consolidated financial statements

₹ in Lacs

## 43 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/judgements about these factors could affect the reported fair value of financial instruments.

### Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment leave benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

### Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 39.

### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further, the Group has recognised Minimum Alternate Tax Credit (MAT) which can be utilised for a period of 15 years from the assessment year to which it relates to. Based on future projections of taxable profit and MAT, the Group has assessed that the entire MAT credit can be utilised.

# Notes

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₹ in Lacs

## 44 FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying values		Fair values	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Financial Assets</b>				
Investment	11,317.73	2,845.83	11,317.73	2,845.83
Deposits	876.31	901.68	876.31	901.68
<b>Total</b>	<b>12,194.04</b>	<b>3,747.51</b>	<b>12,194.04</b>	<b>3,747.51</b>
<b>Financial Liabilities</b>				
Borrowings	54,412.54	49,826.48	54,412.54	49,826.48
<b>Total</b>	<b>54,412.54</b>	<b>49,826.48</b>	<b>54,412.54</b>	<b>49,826.48</b>

The management assessed that fair value of cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term receivables/advances given are evaluated by the Group based on parameters such as interest rates and individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The fair value of borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The same would be sensitive to a reasonably possible change in the forecast cash flows or the discount rate. There are no unobservable inputs that impact fair value.

There are no financial instruments which require recurring fair value measurements and are classified as Level 3 of the fair value hierarchy.

## 45 FAIR VALUES HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets :

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value of financial assets disclosed					
Investment	March 31, 2018	11,317.73	11,315.14	-	2.59
	March 31, 2017	2,845.83	2,845.83	-	-

There have been no transfers between Level 1 and Level 2 during the period.

The Group does not have any financial liabilities fair valued through profit & loss.

# Notes

to the Consolidated financial statements

₹ in Lacs

## 46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Group's senior management has the overall responsibility for establishing and governing the Group's risk management framework. The Group has constituted a core Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee.

### A. Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2018 and 31st March, 2017. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

For long term borrowings, the Group also focuses on maintaining / improving its credit ratings to ensure that appropriate refinancing options are available on the respective due dates

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Particulars	Less than 1 Year	1 to 5 years	5 years and above	Total
<b>As at March 31, 2018</b>				
Borrowings and Other financial liabilities *	48,915.23	6,377.44	-	55,292.67
Trade and other payables	17,203.27	-	-	17,203.27
	<b>66,118.50</b>	<b>6,377.44</b>	<b>-</b>	<b>72,495.94</b>
<b>As at March 31, 2017</b>				
Borrowings and Other financial liabilities *	31,343.94	20,552.44	-	51,896.38
Trade and other payables	14,898.05	-	-	14,898.05
	<b>46,241.99</b>	<b>20,552.44</b>	<b>-</b>	<b>66,794.43</b>

\* The above disclosure has been made as per the contractual due dates of the borrowings, however, due to put option available to the holder ( Note 17), the same has been presented as current maturity in the financial statements.

# Notes

to the Consolidated financial statements

₹ in Lacs

## 46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### B. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk exist mainly on account of borrowings of the Group. However, all these borrowings are at fixed interest rate and hence the exposure to change in interest rate is insignificant.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is not exposed to significant foreign currency risk as at the respective reporting dates.

#### Price risk

The Group is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. The Group has internal guidelines to ensure that the price risk arising from investment in mutual fund is kept minimal.

### C. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and other financial assets.

#### Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major trade receivables.

#### Other financial assets

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's policy. Investments of surplus funds are made only in highly marketable debt instruments with appropriate maturities to optimise the cash return on instruments while ensuring sufficient liquidity to meet its liabilities.

The Group's maximum exposure to credit risk as at March 31, 2018 and March 31, 2017 is the carrying value of each class of financial assets.

### D. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

# Notes

to the Consolidated financial statements

₹ in Lacs

## 47 CAPITAL MANAGEMENT

For the purpose of the Group capital management, capital includes issued equity capital and other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Group is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt is calculated as borrowing less cash and cash equivalent, other bank balances and mutual fund investments.

Particulars	March 31, 2018	March 31, 2017
Borrowings	54,412.54	49,826.48
Less: Cash and cash equivalents, other bank balances and mutual fund investments (Note 12, 13a and 13b)	(24,981.83)	(13,189.91)
<b>Net debt (A)</b>	<b>29,430.71</b>	<b>36,636.57</b>
Equity	114,420.62	108,901.10
<b>Capital and net debt (B)</b>	<b>143,851.33</b>	<b>145,537.67</b>
Gearing ratio (A/B)	20%	25%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

## 48 RECENT ACCOUNTING PRONOUNCEMENTS

Amendment to Ind AS 115 - Revenue from Contracts with Customers:

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers'. The Standard is applicable to the Group with effect from 1st April, 2018.

Ind AS 115, 'Revenue from Contracts with Customers', establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 - Revenue, Ind AS 11 - Construction Contracts when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Group is evaluating the impact of Ind AS 115 on its financial statement.

# Notes

to the Consolidated financial statements

₹ in Lacs

## 48 RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

Amendment to Ind AS 21 - The Effect of Changes in Foreign Exchange Rates:

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

## 49 PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED / RECLASSIFIED, WHERE NECESSARY, TO CONFORM TO THIS YEAR CLASSIFICATION.

Particulars	Note no.	Amount as per previous period financials	Adjustments	Revised amount for previous year
<b>Balance sheet</b>				
Deferred tax assets/(liabilities) (net)	10	(691.96)	11,842.49	11,150.53
Non-current tax assets ( net )	9	14,413.76	(11,842.49)	2,571.27
Other current assets	8	3,234.38	(68.05)	3,166.33
Assets held for sale	11	0.00	68.05	68.05
Total outstanding dues of creditors other than micro enterprises and small enterprises	20	6,407.85	5,695.65	12,103.50
Accrual for expenses		5,695.65	(5,695.65)	-
<b>Statement of Profit &amp; Loss</b>				
Other income	24	350.64	717.71	1,068.35
Finance income		717.71	(717.71)	-
Current tax	31	4.34	3,430.96	3,435.30
Deferred tax charge / (credit)	31	(3,339.80)	(3,430.96)	(6,770.76)

Signatures to Notes 1 to 49

As per our report of even date

### For BSR & CO LLP

Chartered Accountants  
Firm's Registration No: 101248W/W-100022

### Sreeja Marar

Partner  
Membership No: 111410

Mumbai  
May 16, 2018

For and on behalf of the Board of Directors of

### Jyothy Laboratories Limited

CIN: L24240MH1992PLC128651

### M.P. Ramachandran

Chairman and Managing Director  
DIN: 00553406

### Shreyas Trivedi

Company Secretary  
Membership No.: A12739

Mumbai  
May 16, 2018

### K.Ullas Kamath

Joint Managing Director and Chief Financial Officer  
DIN: 00506681



# FORM AOC - I

## STATEMENT CONTAINING THE SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES.

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)

### Part " A ": Subsidiaries

(₹ in Lacs)

Sr. No.	Name of the Subsidiary Company	Jyothy Fabricare Services Limited	Jyothy Kallol Bangladesh Limited	Snoways Laundrers and Drycleaners Pvt. Ltd #	Four Seasons Dry Cleaning Co. Private Limited #
	Date Since when subsidiary was acquired	September 10, 2008	October 14, 2010	May 8, 2009	February 17, 2012
	Country	India	Bangladesh	India	India
	Financial Year / Period	April 1, 2017 to March 31, 2018	April 1, 2017 to March 31, 2018	April 1, 2017 to March 31, 2018	April 1, 2017 to March 31, 2018
	Local Currency	INR	BDT	INR	INR
	Exchange rate as on March 31, 2018	-	1BDT = 0.78 INR	-	-
1	Share Capital	1,635.00	801.84	100.00	220.70
2	Reserves & Surplus	-12,564.80	-167.38	-13.93	-483.03
3	Total Assets	6,493.91	720.65	128.89	9.92
4	Total Liabilities	17,423.71	86.19	42.82	272.25
5	Details of Investment (except investment in subsidiaries)	922.35	-	-	-
6	Turnover (Net)	3,175.29	615.54	-	167.44
7	Profit / (Loss) before taxation	-2,872.57	-15.33	-3.93	-11.04
8	Provision for taxation	-	3.84	-	-
9	Profit / ( Loss) after taxation	-2,872.57	-19.17	-3.93	-11.04
10	Proposed / Interim Dividend	Nil	Nil	Nil	Nil
11	% of shareholding	86.37%	75.00%	42.32%	86.37%

#Snoways Laundrers and Drycleaners Pvt. Limited, Four Seasons Dry-Cleaning Co. Pvt. Limited are subsidiaries of Jyothy Fabricare Services Limited

#### Notes:

1. None of the subsidiaries of the Company are yet to commence operations.
2. None of the subsidiaries have been liquidated or sold during the year under review.

**Part “B”: Associates and Joint Ventures**
**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

(₹ in Lacs)

Name of Joint Venture	JFSL – JLL JV (Partnership firm)
Latest audited Balance Sheet Date	March 31, 2018
Date on which the Associate or Joint Venture was associated or acquired	November 15, 2011
Shares of Associate/Joint Ventures held by the company on the year end:	
1. No.	N.A.
2. Amount of Investment in Joint Venture	135.55
3. Extent of Holding (%)	25%
Description of how there is significant influence	Control of Business decisions under a Partnership deed
Reason why the joint venture is not consolidated	N.A
Networth attributable to Shareholding as per latest audited Balance Sheet	542.24
Profit/Loss for the year	-15.48
i. Considered in Consolidation	-15.48
ii. Not Considered in Consolidation	-

1. None of the associates or joint ventures of the Company are yet to commence operations.
2. None of the associates or joint ventures of the Company have been liquidated or sold during the year under review.
3. The Company does not have any associate company.

**For and on behalf of the Board of Directors**
**Jyothy Laboratories Limited**

Sd/-

**M.P. Ramachandran**

Chairman and  
Managing Director  
(DIN: 00553406)

Sd/-

**K. Ullas Kamath**

Joint Managing Director and  
Chief Financial Officer  
(DIN: 00506681)

Sd/-

**Shreyas Trivedi**

Head – Legal & Company Secretary  
Membership No.: A12739

**Place:** Mumbai

**Date:** May 16, 2018



*Jyothy* LABORATORIES LIMITED

**Corporate & Registered Office:**

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CIN: L24240MH1992PLC128651