

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Tenth Annual Report of your Company together with the Audited Financial Statements for the financial year ended March 31, 2018.

Financial Performance:

Your Company's summarized financial performance for the year ended March 31, 2018 vis-à-vis previous financial year are as under:

| Particulars | (₹ in lacs) | |
|--|--|---|
| | For the financial year ended March 31, 2018 | For the financial year ended March 31, 2017* |
| Revenue from Operations | 3175.29 | 3488.32 |
| Other Income | 165.54 | 266.58 |
| Earnings before interest, tax, depreciation and amortization | (1078.03) | (1198.52) |
| Finance Costs/ Other Income (Net) | (1475.02) | (1216.72) |
| Interest Income | - | - |
| Depreciation and Amortisation | (319.52) | (425.94) |
| Profit / (Loss) Before Tax | (2872.57) | (2841.18) |
| Provision for Tax | - | - |
| Profit / (Loss) after Tax | (2872.57) | (2841.18) |
| Earning Per Share (Basic) (In ₹) | (22.02) | (21.77) |
| Earning Per Share (Diluted) (In ₹) | (22.02) | (21.77) |

*Previous financial year figures are re-grouped wherever necessary.

Performance Highlights:

During the year under review, the revenue from operations of your Company stood at ₹ 3175.29 lacs vis-à-vis ₹ 3488.32 lacs in the previous financial year 2016-17, marking a decline of 9 %. Your Company recorded negative EBITDA of ₹ 1078.03 lacs as against negative EBITDA ₹

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Regd. Office : 'Ujala House', Ramakrishna Mandir Road, Kondivita,
Andheri (East), Mumbai - 59. Tel. : +91-22-6689 2800 Fax : +91-22-6689 2805

CIN : U17120MH2008PLC180246

1198.52 lacs in the previous financial year. Your Company has incurred a net loss (before tax) of ₹ 2872.57 lacs vis-à-vis net loss (before tax) of ₹ 2841.18 lacs in the previous financial year.

Extract of Annual Return:

The Extract of Annual Return as prescribed under Section 92(3) of the Companies Act, 2013(the Act) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is appended as “**Annexure - A**” to this Report.

Dividend and Reserve

Since your Company has incurred loss in the year under review, your Directors do not recommend any dividend for the financial year ended March 31, 2018. Further, for the financial year ended March 31, 2018, due to loss incurred by your Company, no sum has been transferred to Reserves.

Board Meetings

Your Company’s Board of Directors met 7 (seven) 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 your Board of Directors met during the financial year under review are mentioned below:

May 18, 2017, July 11, 2017, August 3, 2017, November 7, 2017, January 9, 2018, January 11, 2018 and January 17, 2018.

Audit Committee:

Your Board has constituted a well qualified and independent Audit Committee with more than two third of its members as Independent Directors and Non-Executive Directors. All Members of the Audit Committee possess expert knowledge of Accounts, Audit and Finance. The Company Secretary of your Company acts as Secretary to the Audit Committee. During the year ended on March 31, 2018, 4 meetings of the Audit Committee were held on the following dates:-

May 18, 2017, August 3, 2017, November 7, 2017 and January 17, 2018.

As on March 31, 2018, the composition of the Audit Committee was as follows:

| Sr. No. | Name and Designation | Position |
|----------------|--|-----------------|
| 1 | Mr. K. P. Padmakumar -Independent Director | Chairman |
| 2 | Mr. R. Lakshminarayanan - Independent Director | Member |
| 3 | Mr. K. Ullas Kamath - Non-Executive Director | Member |

The powers and role of the Audit Committee are in accordance with the provisions of Section 177 of the Act.

Nomination and Remuneration Committee:

The Committee during the year ended March 31, 2018 had one meeting on May 18, 2017. The composition of the Nomination and Remuneration Committee is as follows:

| Sr. No. | Name and Designation | Position |
|----------------|--|-----------------|
| 1 | Mr. K. P. Padmakumar - Independent Director | Chairman |
| 2 | Mr. R. Lakshminarayanan - Independent Director | Member |
| 3 | Mr. K. Ullas Kamath - Non-Executive Director | Member |

The powers and role of the Nomination and Remuneration Committee is in accordance with the provisions of Section 178 of the Companies Act, 2013.

Your Company follows the policy on Nomination and Remuneration of Directors, Key Managerial Personnel and other Employees as approved by the Nomination and Remuneration Committee and the Board of Directors of your Company. Salient features of the said Policy is annexed to this report as “**Annexure – B**”.

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 are 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 loss 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; and
- e. 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.

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.

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.

Meeting of Independent Directors

Your Company's Independent Directors meet at least once in every financial year without the presence of the Executive Director or Management Personnel and the meeting is conducted informally.

During the year under review, one meeting of Independent Director was held during the year on May 18, 2017.

Auditors

Statutory Auditors and their Report

At the 9th 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 the Company to hold office for a term of 5 years commencing from the conclusion of 9th Annual General Meeting till the conclusion of 14th 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 Annual General Meeting 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 the 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 Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain qualification, reservation or any adverse remark.

Internal Auditors

M/s. Mahajan & Aibara Chartered Accountants LLP were the Internal Auditors of your Company for the financial year 2017-18. The Board of Directors of your Company has re-appointed M/s. Mahajan & Aibara Chartered Accountants LLP as the Internal Auditors of your Company for financial year 2018-19.

Particulars of loans, guarantees and investments:

The details of loans, guarantees and investments as prescribed under the provisions of Section 186 of the Act are appended as "**Annexure - C**" and forms an 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 Companies Act, 2013, in the prescribed Form AOC-2 is appended as "**Annexure – D**" to the Directors' report. Further, none of the contract/ arrangement/ transaction with related parties requires approval of shareholders as the same were within the limits prescribed under Section 188(1) of the Act and Rules framed thereunder.

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

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 and Foreign Exchange Earnings and Outgo:

The particulars as required under the provisions of Section 134(3)(m) of the Act in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by your Company during the year under review. However, your Company, being a cost conscious business entity has been making continuous efforts to reduce energy consumptions in its facilities, processes and offices by using energy efficient machineries, equipments and systems. Also, your Company, being quality conscious, has been making efforts to improve its processes to enhance the output quality in its service deliveries to maintain high service standards in the target markets.

Further during the year under review, there was no foreign exchange earnings and outgo.

Risk Management:

The Board of Directors of your Company have designed a Risk Management Policy and monitors the risk management plan on a periodic basis. Your Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time to time.

Change in nature of Business:

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

Directors and Key Managerial Personnel:

Your Board at its meeting held on May 16, 2018, approved re-appointment of Mr. M. P. Ramachandran as the Chairman and Managing Director of your Company for a term of five years commencing from April 1, 2019 to March 31, 2024 subject to approval of shareholders by passing a Special Resolution at the ensuing Annual General Meeting.

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

During the financial year 2017-18, the Board members took note of resignation of Mr. Gaurav Munoli, Company Secretary and Key Managerial Personnel of your Company, in its meeting held on January 17, 2018. The Board also placed on record, its appreciation for the services rendered by Mr. Gaurav Munoli during his tenure as Company Secretary. Further, Board of Directors in their Meeting held on May 16, 2018 appointed Mr. Mayank Patwa as the Company Secretary and Key Managerial Personnel of your Company in accordance with Section 203 of the Act.

Performance of Subsidiaries, Associate Companies/ Joint Ventures:

During the year under review no company has become or ceased to be its Subsidiary, Joint Venture or Associate Company.

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.

Deposits:

Your Company did not accept any deposits covered under Chapter V of the Act during the year under review.

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 Control:

Your Company has adequate internal control systems and procedures in place for effective and smooth conduct of business and to meet exigencies of operations and growth. Your Company has set up Standard Operating Process (SOP), procedures and control 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 in place proper systems which ensures compliance with the provisions of all applicable laws to your Company adequately and efficiently.

Share Capital:

There was no change in the Share Capital of your Company during the year under review.

Debentures

During the year under review, your Company redeemed 400 Zero Coupon Rated Unlisted Non Convertible Redeemable Debentures of ₹ 10,00,000/- each aggregating to ₹ 40 Crores on January 12, 2018 at an aggregate redemption premium of ₹ 13,61,82,000/-.

Further, your Company during the year under review has also raised ₹ 60 Crores through private placement of 600 Zero Coupon Unsecured Rated Unlisted Redeemable Non-Convertible Debentures having a face value of ₹ 10,00,000 each on January 11, 2018 to refinance its existing debt.

Information pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

There are no employees whose particulars are needed to be disclosed in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Compliance with Secretarial Standards:

During the year under review, your Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Prevention of Sexual Harassment:

Your Company has framed 'Anti – Sexual Harassment Policy' at workplace. No complaints with allegations of sexual harassment were reported during the year under review.

Forward looking Statements:

In this report, we have disclosed forward-looking information to enable shareholders to know our business logic and direction and comprehend our prospects. This report and other statements-written or oral- that we make periodically, are based on our assumptions. We have tried wherever possible to identify such statements by using words such as anticipate, believe, estimate, expect, intend, plan, project and words of similar substance and import in the discussion of future performance. The same are to be understood accordingly, although we believe we have been prudent in our assumptions, subject to future risks, uncertainties and even inaccurate assumptions.

Acknowledgements:

Your Directors place on record their gratitude for the continuing support of Shareholders, Bankers and Business associates at all levels.

**For and on behalf of the Board
For Jyothy Fabricare Services Limited**



**M. P. Ramachandran
Chairman & Managing Director
(DIN: 00553406)**

Date: May 16, 2018

Place: Mumbai

Registered Office:

'Ujala House', Ramakrishna Mandir Road,
Kondivita, Andheri (East), Mumbai- 400059

CIN: U17120MH2008PLC180246

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:- U17120MH2008PLC180246
- ii) Registration Date:- 18/03/2008
- iii) Name of the Company:- JYOTHY FABRICARE SERVICES 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' Ram Krishna Mandir Road, Kondivita, Andheri (East), Mumbai- 400059,
Tel. No. : 022-66892800
E-mail: secretarial@jyothy.com
- vi) Whether listed company:- No
- vii) Name, Address and Contact details of Registrar and Transfer Agent: N.A.

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 | Laundry & Drycleaning Services | 9601 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|--------|---|-----------------------|--------------------------------|------------------|--------------------|
| 1 | JYOTHY LABORATORIES LIMITED UJALA HOUSE, RAM KRISHNA MANDIR ROAD, KONDIVITA, ANDHERI (EAST), MUMBAI – 400 059 | L24240MH1992PLC128651 | Holding | 75.10% | Section 2(46) |
| 2 | FOUR SEASONS DRYCLEANING COMPANY PRIVATE LIMITED UJALA HOUSE, RAM KRISHNA MANDIR ROAD, KONDIVITA, ANDHERI (EAST), MUMBAI – 400 059 | U93010MH2002PTC246838 | Subsidiary | 100% | Section 2(87) |

| | | | | | | | | | |
|--|-----------|-----------|-------------|-----|-------------|-----|-------------|-----|---|
| Sub-total (B)(1):- | - | - | - | - | - | - | - | - | - |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹.1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | | | | | | | | | |
| 1. Qualified Individual Investors | - | - | - | - | - | - | - | - | - |
| 2. Clearing Members | - | - | - | - | - | - | - | - | - |
| 3. Office Bearers | - | - | - | - | - | - | - | - | - |
| 4. Non-Resident Individuals (Repatriable) | - | - | - | - | - | - | - | - | - |
| 5. Non-Resident Individuals (Non-Repatriable) | - | - | - | - | - | - | - | - | - |
| 6. Directors/ Relatives | - | - | - | - | - | - | - | - | - |
| 7. Trusts | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2):- | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 97,99,600 | 32,50,400 | 1,30,50,000 | 100 | 1,30,49,600 | 400 | 1,30,50,000 | 100 | - |

(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 | Jyothy Laboratories Limited | 98,99,600 | 75.09 | - | 98,99,600 | 75.09 | - | - |
| 2 | K. Ullas Kamath | 32,40,000 | 24.83 | - | 32,40,000 | 24.83 | - | - |
| 3 | Gayatri Kamath | 10,000 | 0.07 | - | 10,000 | 0.07 | - | - |
| 4 | M. R. Deepthi * | 100 | 0.00 | - | 100 | 0.00 | - | - |
| 5 | M. R. Jyothy* | 100 | 0.00 | - | 100 | 0.00 | - | - |
| 6 | T. Ananth Rao* | 100 | 0.00 | - | 100 | 0.00 | - | - |
| 7 | Ravi Razdan* | 100 | 0.00 | - | 100 | 0.00 | - | - |

*Nominee of Jyothy Laboratories Limited

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

There was **no change** in promoter's holding during the specified period

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

| Sl. No. | Name | Shareholding | | Date | Increase / Decrease in Share holding | Reason | Cumulative Shareholding during the year (01-04-17 to 31-03-18) | |
|---------|------|---|----------------------------------|------|--------------------------------------|--------|--|----------------------------------|
| | | 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 |
| - | - | - | - | - | - | - | - | - |

(v) Shareholding of Directors and Key Managerial Personnel:

| 1. | Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--------------------------------------|---|----------------------------------|---|----------------------------------|
| | Mr. M. P. Ramachandran | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | 01/04/2017 | Nil | Nil | Nil | Nil |
| | Increase / Decrease in Share holding | - | - | - | - |
| | 31/03/2018 | Nil | Nil | Nil | Nil |

| 2. | Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--------------------------------------|---|----------------------------------|---|----------------------------------|
| | Mr. K Ullas Kamath | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | 01/04/2017 | 32,40,000 | 24.83 | 32,40,000 | 24.83 |
| | Increase / Decrease in Share holding | - | - | - | - |
| | 31/03/2018 | 32,40,000 | 24.83 | 32,40,000 | 24.83 |

| 3. | Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--------------------------------------|---|----------------------------------|---|----------------------------------|
| | Mr. K. P. Padmakumar | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | 01/04/2017 | Nil | Nil | Nil | Nil |
| | Increase / Decrease in Share holding | - | - | - | - |
| | 31/03/2018 | Nil | Nil | Nil | Nil |

| 4. | Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|-------------------------|---|----------------------------------|---|----------------------------------|
| | Mr. R. Lakshminarayanan | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | 01/04/2017 | Nil | Nil | Nil | Nil |

| | | | | | |
|--|--------------------------------------|-----|-----|-----|-----|
| | Increase / Decrease in Share holding | - | - | - | - |
| | 31/03/2018 | Nil | Nil | Nil | Nil |

| 5. | Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--------------------------------------|---|----------------------------------|---|----------------------------------|
| | Mr. Gaurav Munoli * | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | 01/04/2017 | Nil | Nil | Nil | Nil |
| | Increase / Decrease in Share holding | - | - | - | - |
| | 17/01/2018 | Nil | Nil | Nil | Nil |

*Mr. Gaurav Munoli resigned from the office of Company Secretary w.e.f. January 17, 2018.

| 6. | Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--------------------------------------|---|----------------------------------|---|----------------------------------|
| | Mr. Pinkesh Bansal | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | 01/04/2017 | Nil | Nil | Nil | Nil |
| | Increase / Decrease in Share holding | - | - | - | - |
| | 31/03/2018 | Nil | Nil | Nil | Nil |

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 |
|--|----------------------------------|---------------------|----------|---------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 40,00,00,000 | - | 40,00,00,000 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 9,68,83,051 | - | 9,68,83,051 |
| Total (i+ii+iii) | - | 49,68,83,051 | - | 49,68,83,051 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | - | - | - | - |
| • Reduction | - | 8,66,23,873 | - | 8,66,23,873 |
| Net Change | - | 8,66,23,873 | - | 8,66,23,873 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | 60,00,00,000 | - | 60,00,00,000 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 1,02,59,178 | - | 1,02,59,178 |
| Total (i+ii+iii) | - | 61,02,59,178 | - | 61,02,59,178 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

The Managing Director of the Company does not draw any remuneration from the Company.

B. Remuneration To Other Directors

(Amt. in ₹)

| Sl. No. | Particulars of Remuneration | Name of Directors | | Total Amount |
|---------|---|---|--|-----------------|
| | | Kiliyanat Padmakumar | Puliasseri Ramakrishnan Lakshminarayanan | |
| 1. | Independent Directors | | | |
| | • Fee for attending Board/ Committee Meetings | 35,000 | 85,000 | 1,20,000 |
| | • Commission | 0 | 0 | 0 |
| | • Others, please specify | 0 | 0 | 0 |
| | Total (1) | 35,000 | 85,000 | 1,20,000 |
| 2 | Other Non- Executive Directors | Nil | | |
| | • Fee for attending Board/ Committee Meetings | | | |
| | • Commission | | | |
| | • Others, please specify | | | |
| | Total (2) | 0 | 0 | 0 |
| | Total(B)= (1)+(2) | 35,000 | 85,000 | 1,20,000 |
| | Total Managerial Remuneration | | | 1,20,000 |
| | Overall Ceiling as per the Act | The Independent Directors do not receive any remuneration apart from sitting fees paid to them which are well within the limits prescribed under Companies Act, 2013. | | |

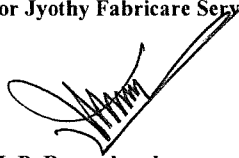
C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

The Chief Financial Officer and the Company Secretary of the Company draw remuneration from the Holding Company of Jyothy Fabricare Services Limited i.e. Jyothy Laboratories Limited.

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.

For and on behalf of the Board of Directors
For Jyothy Fabricare Services Limited


M. P. Ramachandran
Chairman & Managing Director
(DIN: 00553406)

Mumbai, May 16, 2018

NOMINATION AND REMUNERATION POLICY

1. Introduction

The Board of Directors of Jyothy Fabricare Services Ltd (“the Company”) has constituted “Nomination and Remuneration Committee” w.e.f May 22, 2014. The main purpose of the Nomination and Remuneration Committee is to evaluate and approve the compensation plans, policies and programmes of the executive directors and senior management.

This policy will be applicable to the Company effective January 28, 2015.

2. Objective

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The key objectives of the Committee would be:

- i. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- ii. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation by the Board.
- iii. To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- iv. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance and achievement relating to the Company’s operations.
- v. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial personnel and create competitive advantage.

3. Definitions

“**Act**” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

“**Board**” means Board of Directors of the Company.

“**Directors**” means Directors of the Company.

“**Key Managerial Personnel**” means

- i. Managing Director or Chief Executive Officer or Manager and in their absence Whole-time director;
- ii. Chief Financial Officer; and
- iii. Company Secretary.

“**Senior Management**” means personnel of the company who are members of its core management team excluding the Board of Directors comprising one level below the executive directors, including functional heads.

4. Role of Committee

4.1 Matters to be dealt with, perused and recommended to the Board by the Nomination and Compensation Committee

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- ii. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- iii. Recommend to the Board, appointment and removal of Director, Key Managerial Personnel (KMP) and Senior Management Personnel.

4.2 Policy for appointment and removal of Director, KMP and Senior Management

i. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

ii. Term / Tenure

- a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- At the time of appointment of Director, it should be ensured that number of Boards on which such person serves (including as an alternative director) is restricted to twenty companies as a Director; out of which the number public companies does not exceed ten.
- For reckoning the limit of public companies for the aforesaid purpose, directorship in private companies that are either holding or subsidiary company of a public company shall be included.

iii. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

iv. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

v. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

4.3 Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

i. General:

- a) The remuneration / compensation / commission etc. to the Executive Directors, KMP and Senior Management Personnel will be determined by the Nomination and Compensation Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever so required under the provisions of the Act.
- b) The remuneration and commission to be paid to the Executive Director/s shall be in accordance with the percentage / slabs / conditions as per the provisions of the Act.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Nomination and Compensation Committee to the Board which should be within the slabs approved by the Shareholders in the case of Executive Director.
- d) Where any insurance is taken by the Company on behalf of its Executive Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

ii. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior

Management Personnel:

a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to Provident Fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever so required under the provisions of the Act.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Directors/Whole-time Directors in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Managing Director/Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

iii. Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

Non-Executive /Independent Directors may be remunerated within the limits provided under the provisions of the Act subject to compliance of the procedures specified under the Act.

b) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Currently, the maximum amount prescribed by the Central Government is Rs.1,00,000 per meeting of the Board or Committee thereof.

c) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

Notes:

The total managerial remuneration payable by a public company to its directors, including managing director and whole time director in respect of any financial year shall not exceed 11% of the net profits of the company. Any payment exceeding 11% would require Central Government approval.

The remuneration payable to any one managing director; or whole time director shall not exceed 5% of the net profits of the company and if there is more than one such director remuneration shall not

exceed 10% of the net profits to all such directors taken together. Any payment exceeding the said 5% or 10% limits would require the approval of the shareholders.

The remuneration payable to all the non-executive directors shall not exceed 1% of the net profits of the Company, if there is a managing or whole time Director. As there is a Managing Director and an Executive Chairman in the Company, the applicable limit is 1% of the net profit. Any payment exceeding 1%, would require the approval of the shareholders subject to the overall limit of 11%.

However, the Company in general meeting may, with the approval of the Central Government, authorise the payment of remuneration exceeding 11% of the net profits of the company, subject to the provisions of Schedule V.

iv. Loans to employees of the Company:

The Company may extend loans to its employees at such rate of interest (including at nil rate of interest) to any of its employees for purchase of residential house for self & family, meeting the expenses of medical emergencies or in other cases of financial difficulties/hardships. The decision of the Managing Director /CEO as to what constitutes financial difficulties/hardships shall be final and binding. Managing Director/CEO shall have full discretion to decide the grant of loans to employees, who may on case to case basis approve the grant of loans of such amount and on such terms and conditions as he may deem appropriate and suitable in the case under consideration.

It is hereby clarified that all the loans extended to the employees of the Company on and after 1st April, 2014 till the date of insertion of the above clause shall be deemed to be extended pursuant to this Policy and shall be valid.

5. Charter of the Nomination and Compensation Committee:

5.1 Composition:

Mr. K. P. Padmakumar – Chairman
Mr. R. Lakshminarayanan – Member
Mr. K. Ullas Kamath – Member

5.2 Meetings:

The Committee will meet periodically as necessary to act upon any matter within its jurisdiction. All Committee members are expected to attend each meeting, in person or via tele- or video-conference. Quorum of the Committee shall be two members. The Committee may request other Board members, officers, or other employees of the company, or any other persons whose advice and counsel are sought by the Committee, to attend any of its meetings to provide pertinent information/advice. Periodically, the Committee may meet separately without management and with its chosen independent consultants. Minutes will be kept of each meeting of the Committee.

5.3 Authority:

The Committee will have the authority:

1. To obtain services of/retain search firms to be used to identify appropriate director candidates or to retain other advisers, as deemed necessary and appropriate, to discharge the Committees duties and obligations.
2. To approve appropriate compensation at the Company's expense for any search firms or other advisors engaged by the Committee for the purpose of carrying out its duties, and ordinary administrative expense of the Committee.

5.4 Terms of Reference:

1. Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. The Committee will make recommendations to the Board regarding the Criteria (such as independence, experience relevant to the needs of the company, leadership qualities and ability to represent the shareholders) for the selection of the individuals to be considered as candidates for election to the Board.
3. Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees (referred as 'Nomination and Remuneration Policy').
4. Committee shall, while formulating the 'Nomination and Remuneration Policy, ensure that—
 - 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.

Nomination and remuneration policy shall be disclosed in the Board's report.

5. Annual review of the salary, bonus and other compensation plans of the CEO, CFO, CS and Senior Management team of the Company.
6. Review and approve the salary, bonus and compensation plans for all the executive directors of the Company.
7. Recommend to the Board of Directors of the Company on any other employment incentives as the committee deems it appropriate in the best interests of the Company.
8. Chairperson of the Committee or, in his/her absence, any other member of the committee authorized by him/her in this behalf shall attend the general meetings of the Company.
9. The Committee will also undertake such additional activities as the Committee may from time to time determine or as may otherwise be required by law or directive of the Board.
10. The Committee will make regular reports to the Board and will recommend any proposed actions to the Board for approval as necessary. The Committee will review and reassess the adequacy of these terms of reference at least annually and recommend any proposed changes to the Board for approval.
11. The Committee will at least annually evaluate its own performance to determine whether it is functioning effectively.

This Policy will be communicated to all concerned persons of the Company.

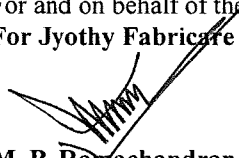
Annexure C**Particulars of Loans, Guarantees and Investments****Amount outstanding as at March 31, 2018**

| Particulars | Amount (In Lacs) |
|--------------------|-------------------------|
| Loan given | 313.89 |
| Guarantee given | NIL |
| Investments made : | |
| Current | 922.35 |
| Non- Current | 503.04 |

Loan, Guarantee and Investments made during the Financial Year 2017-18

| Name of Entity | Relation | Amount (In Lacs) | Particulars of loan, guarantee and investments | Purpose for which the loans, guarantee and investments are proposed to be utilized |
|--|-----------------|-------------------------|---|---|
| M/s JFSL - JLL (JV) | Joint Venture | 151.89 | Investment | Business Purpose |
| Four Seasons Drycleaning Company Pvt. Ltd. | Subsidiary | 7.80 | Loan | Business Purpose |
| Snoways Launderers & Drycleaners Pvt. Ltd. | Subsidiary | 35.02 | Loan | Business Purpose |

For and on behalf of the Board of Directors
For Jyothy Fabricare Services Limited


M. P. Ramachandran
Chairman & Managing Director
(DIN: 00553406)

Mumbai, May 16, 2018

Annexure D**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 | Nil |
| (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 | |
| (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 arrangement or transactions at arm's length basis:

| | | |
|-----|--|-----|
| (a) | Name(s) of the related party and nature of relationship | Nil |
| (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) | 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 Fabricare Services Limited



M. P. Ramachandran
Chairman & Managing Director
(DIN: 00553406)

Mumbai, May 16, 2018

Jyothy Fabricare Services Limited
Financial statements
together with Auditor's Report
for the year ended 31 March 2018

Jyothy Fabricare Services Limited

Financial statements together with Auditor's Report

for the year ended 31 March 2018

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Statement of Changes in Equity

Statement of Cash flow

Notes to the financial statements

B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
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Independent Auditor's Report

To the Members of Jyothy Fabricare Services Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Jyothy Fabricare Services 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 "Ind AS financial statements").

Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (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 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 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 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 Ind AS financial statements are free from material misstatement.



Independent Auditor's Report (Continued)

Jyothy Fabricare Services Limited

Auditor's Responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 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 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 loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

The audited Ind AS financial statements of the Company for the corresponding year ended 31 March 2017 prepared in accordance with Ind AS included in these 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 Ind AS financial statements. 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.



Independent Auditor's Report (*Continued*)

Jyothy Fabricare Services Limited

Report on Other Legal and Regulatory Requirements (*Continued*)

- (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 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 Ind AS financial statements – Refer Note 33 to the 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 were no amounts which were 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



Sreeja Marar

Partner

Membership No: 111410

Mumbai
16 May 2018

Jyothy Fabricare Services Limited

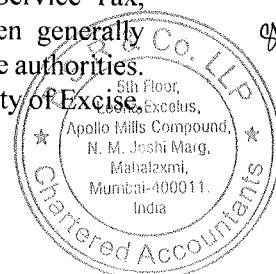
Annexure - A to the Independent Auditor's Report – 31 March 2018

(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 all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed upon such verification.
- (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 3a to the Ind AS financial statements, are held in the name of the Company, except as noted below:

| Particulars | Leasehold land | Freehold land | Buildings |
|--|----------------|---------------|-----------|
| Number of cases | 1 | 1 | 2 |
| Gross block as at 31 March 2018 (Rs.) | 1,770,438 | 10,819,430 | 6,577,399 |
| Net block as at 31 March 2018 (Rs.) | 1,685,781 | 10,819,430 | 5,164,610 |

- (ii) the inventories were physically verified during the year by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable.
- (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) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the Company.
- (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, Service Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues in respect of Duty of Excise, Sales-tax and Value added tax.



Jyothy Fabricare Services Limited

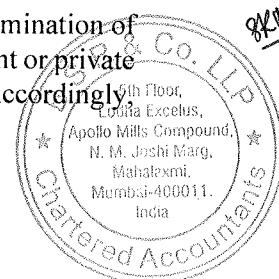
Annexure - A to the Independent Auditor's Report – 31 March 2018 (Continued)

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Service Tax, Goods and Service Tax, Duty of Customs, 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, Service tax, Duty of customs and Goods and Service tax as at 31 March 2018, which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned below:

| Name of the Statute | Nature of Dues | Forum where the dispute is pending | Period to which the amount relates | Amount under dispute (Rs.) | Amount paid under protest (Rs.) |
|---------------------|---------------------------|------------------------------------|------------------------------------|----------------------------|---------------------------------|
| Customs duty | Tax, Interest and Penalty | Commissioner of Customs (Appeals) | 2006-2007 | 5,763 | - |
| | | | 2007-2008 | 16,015 | - |
| | | | 2008-2009 | 64,181 | - |
| | | | 2009-2010 | 25,184 | - |

- (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 debenture holders. The Company does not have any loans or borrowings from banks, financial institutions and Government.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (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 not paid/ provided any managerial remuneration during the year under Section 197 read with Schedule V to the Act. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (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 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.

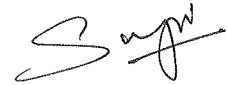


Jyothy Fabricare Services Limited

Annexure - A to the Independent Auditor's Report – 31 March 2018 *(Continued)*

- (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

Jyothy Fabricare Services Limited

Annexure B to the Independent Auditor's Report – 31 March 2018 on 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 Fabricare Services Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

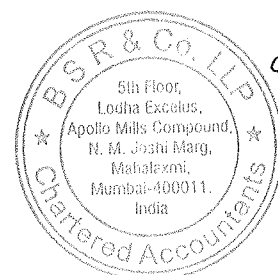
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit 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.

Auditor's 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.



Jyothy Fabricare Services Limited

Annexure B to the Independent Auditor's Report – 31 March 2018 on Ind AS Financial Statements (*Continued*)

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 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 With reference to financial statements issued by the Institute of Chartered Accountants of India.

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

Jyothy Fabricare Services Limited

Balance Sheet

as at March 31, 2018

| | Note | As at March 31, 2018 | Amount in Rs. As at March 31, 2017 |
|-------------------------------------|--------|-------------------------|--|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 3a | 35,03,19,775 | 36,78,37,405 |
| Capital work in progress | | 3,86,377 | 52,11,888 |
| Goodwill | 3b | 1,38,16,434 | 1,38,16,434 |
| Other Intangible assets | 3b | 45,94,809 | 29,76,754 |
| Financial assets | | | |
| Investment in subsidiaries | 4 | 5,03,04,400 | 3,51,15,466 |
| Loans | 5 | 83,30,854 | 1,97,28,878 |
| Other financial assets | 6 | 1,23,23,004 | 1,44,81,356 |
| Other assets | 7 | 10,69,142 | 60,53,381 |
| Deferred Tax Assets (net) | 8 | 2,42,699 | 2,42,699 |
| Income tax assets (net) | 9 | 1,50,72,681 | 1,56,30,741 |
| | | 45,64,60,175 | 48,10,95,002 |
| Current assets | | | |
| Inventories | 10 | 32,19,846 | 63,39,453 |
| Financial assets | | | |
| Investments | 11 | 9,22,34,815 | 14,37,72,758 |
| Loans | 5 | 2,22,71,969 | 57,85,559 |
| Trade receivables | 12 | 2,33,78,815 | 3,84,28,287 |
| Cash and cash equivalent | 13 (a) | 1,66,30,727 | 1,17,34,316 |
| Other bank balances | 13 (b) | 1,53,99,491 | 1,99,02,822 |
| Other assets | 7 | 1,97,96,336 | 70,08,397 |
| | | 19,29,31,999 | 23,29,71,592 |
| Total Assets | | 64,93,92,174 | 71,40,66,594 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity Share Capital | 14a | 16,35,00,000 | 16,35,00,000 |
| Other Equity | 14b | (1,25,64,79,638) | (96,88,10,528) |
| Total equity | | (1,09,29,79,638) | (80,53,10,528) |
| Non-Current liabilities | | | |
| Financial Liabilities | | | |
| Borrowings | 15 | 1,06,86,51,861 | 95,41,53,449 |
| Provisions | 16 | 1,28,15,344 | 1,55,65,598 |
| | | 1,08,14,67,205 | 96,97,19,047 |
| Current liabilities | | | |
| Financial Liabilities | | | |
| Trade payables | 17 | 3,45,74,346 | 3,57,93,926 |
| Other financial liabilities | 18 | 61,39,04,695 | 49,92,74,459 |
| Provisions | 16 | 96,41,388 | 1,17,79,766 |
| Other liabilities | 19 | 27,84,178 | 28,09,924 |
| | | 66,09,04,607 | 54,96,58,074 |
| Total liabilities | | 1,74,23,71,812 | 1,51,93,77,122 |
| Total equity and liabilities | | 64,93,92,174 | 71,40,66,594 |

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 **B S R & Co. LLP**

Chartered Accountants

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



Sreeja Marar

Partner

Membership No: 111410

Place: Mumbai

Date: May 16, 2018

For and on behalf of the Board of Directors of
Jyothy Fabricare Services Limited


M.P. Ramachandran

Chairman and Managing Director

DIN - 00553406


K. Ullas Kamath

Director

DIN - 00506681


Mayank Patwa

Company Secretary

M.No. A42480

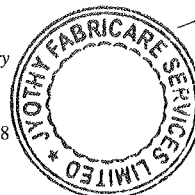
Place: Mumbai

Date: May 16, 2018


Pinkesh Bansal

Chief Financial Officer

M.No. 121387



Jyothy Fabricare Services Limited

Statement of Profit and Loss

for the year ended march 31, 2018

| | Note | Year ended March 31, 2018 | Amount in Rs. Year ended March 31, 2017 |
|--|------|------------------------------|---|
| Income | | | |
| Revenue from operations | 20 | 31,75,28,722 | 34,88,31,983 |
| Other income | 21 | 1,65,54,201 | 2,66,57,730 |
| Total income (I) | | 33,40,82,923 | 37,54,89,713 |
| Expenses | | | |
| Cost of services | 22 | 5,11,98,881 | 4,52,49,489 |
| Employee benefits expense | 23 | 18,27,90,404 | 18,77,27,136 |
| Depreciation and amortisation expense | 25 | 3,19,51,558 | 4,25,94,031 |
| Finance costs | 26 | 16,40,56,542 | 14,83,30,223 |
| Other expenses | 24 | 19,13,42,099 | 23,57,07,053 |
| Total expense (II) | | 62,13,39,484 | 65,96,07,932 |
| Loss before tax (I-II) | | (28,72,56,561) | (28,41,18,219) |
| Income tax | 43 | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| Total Income tax | | - | - |
| Loss for the year attributable to equity shareholders (A) | | (28,72,56,561) | (28,41,18,219) |
| Other comprehensive Income not to be reclassified to profit or loss in subsequent periods | | | |
| Re-measurement losses on defined benefit plans | | (4,12,549) | (7,75,260) |
| Income tax effect | | - | - |
| Other comprehensive income for the year net of tax, attributable to equity shareholders (B) | | (4,12,549) | (7,75,260) |
| Total comprehensive income for the year net of tax, attributable to equity shareholders (A+B) | | (28,76,69,110) | (28,48,93,479) |
| EARNINGS PER SHARE (EPS) | 35 | | |
| Basic & Diluted (Rs.) | | (22.02) | (21.77) |
| Nominal value per share (Rs.) | | 10.00 | 10.00 |

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 **B S R & Co. LLP**

Chartered Accountants

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



Sreeja Marar

Partner

Membership No: 111410

Place: Mumbai

Date: May 16, 2018

For and on behalf of the Board of Directors of
Jyothy Fabricare Services Limited



M. P. Ramachandran

Chairman and Managing Director

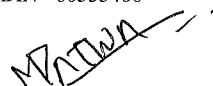
DIN - 00553406



K. Ullas Kamath

Director

DIN - 00506681



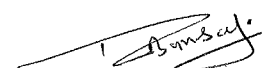
Mayank Patwa

Company Secretary

M.No. A42480

Place: Mumbai

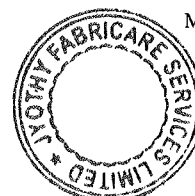
Date: May 16, 2018



Pinkesh Bansal

Chief Financial Officer

M.No. 121387



Jyothy Fabricare Services Limited

Statement of Cash Flow

for the year ended march 31, 2018

| | Amount in Rs. | |
|--|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES: | | |
| Loss Before Tax | (28,72,56,561) | (28,41,18,219) |
| Adjustment to reconcile loss before tax to net cash flows | | |
| Depreciation and amortisation | 3,19,51,558 | 4,25,94,031 |
| Interest income | (49,63,610) | (84,29,142) |
| Finance cost | 16,40,56,542 | 14,83,30,223 |
| Profit on sale of current investments | (25,92,665) | (46,98,194) |
| Net change in fair value of financial assets measured at FVTPL | (40,22,344) | (1,01,38,582) |
| Share of (profit)/ loss from investment in partnership firm | - | - |
| Loss on sale of fixed assets | 1,16,198 | 25,04,288 |
| Fixed Assets Discarded | - | 10,431 |
| Provision for doubtful debts & advances | 25,61,993 | 2,91,57,790 |
| Bad debts / advances written off | 6,45,642 | 7,58,654 |
| Operating loss before working capital changes | (9,95,03,247) | (8,40,28,720) |
| Movements in working capital:- | | |
| Decrease / (Increase) in Inventories | 31,19,607 | (3,86,311) |
| Decrease / (Increase) in Trade receivables | 1,18,41,838 | 9,74,701 |
| Decrease / (Increase) in Other Financial assets | (15,86,533) | 1,31,60,631 |
| Decrease / (Increase) in Other assets | (80,98,020) | 61,38,470 |
| Increase / (Decrease) in Trade payables | (12,19,580) | (15,81,434) |
| Increase / (Decrease) in Other Financial liabilities | 12,498 | (3,46,764) |
| Increase / (Decrease) in Provisions | (53,01,181) | 38,86,145 |
| Cash used in operations | (10,07,34,618) | (6,21,83,282) |
| Taxes (paid) / Refund received (net) | 5,58,060 | 30,06,796 |
| Net cash used in operating activities (A) | (10,01,76,558) | (5,91,76,486) |
| B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES: | | |
| Purchase of fixed assets including capital work-in-progress and capital advances | (1,01,68,274) | (1,40,63,370) |
| Proceeds from sale of fixed assets | 3,35,785 | 16,45,766 |
| (Investment in)/withdrawal of Capital from Partnership firm (net) | (1,51,88,932) | (54,175) |
| Proceeds from sale of Mutual funds | 11,81,52,950 | 5,45,00,000 |
| Investment in Mutual funds | (6,00,00,000) | - |
| Interest received | 53,18,276 | 56,74,670 |
| (Investment in)/ Proceeds from fixed deposit | 66,61,704 | 44,23,538 |
| Loan given to subsidiaries | (38,56,540) | - |
| Net cash generated from investing activities (B) | 4,12,54,969 | 5,21,26,429 |
| C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES: | | |
| Issue of Debentures | 60,00,00,000 | - |
| Repayment of Debentures | (40,00,00,000) | - |
| Premium payable on redemption of Debentures | (13,61,82,000) | - |
| CASH FLOWS FROM FINANCIAL ACTIVITIES (C) | 6,38,18,000 | - |
| Net increase/ (decrease) in cash and cash equivalents (A+B+C) | 48,96,411 | (70,50,057) |
| Cash and cash equivalents at the beginning of the year | 1,17,34,316 | 1,87,84,374 |
| Cash and cash equivalents at the end of the year | 1,66,30,727 | 1,17,34,316 |
| Components of cash and cash equivalents | | |
| Cash in hand | 30,05,500 | 15,73,297 |
| Balance with scheduled Banks - Current account | 1,36,25,227 | 1,01,61,019 |
| Cash and cash equivalents considered for cash flow statement | 1,66,30,727 | 1,17,34,316 |

Summary of significant accounting policies

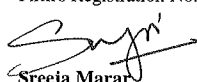
Note 2

As per our report of even date

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

Chartered Accountants

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


Sreeja Marar

Partner

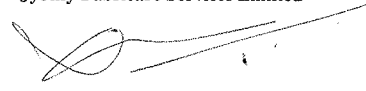
Membership No.: 111410

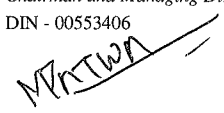
Place: Mumbai


Date: May 16, 2018

For and on behalf of the Board of Directors of
Jyothy Fabricare Services Limited


M. P. Ramachandran
Chairman and Managing Director
DIN - 00553406


K. Ullas Kamath
Director
DIN - 00506681


Mayank Patwa
Company Secretary
M.No. A42480
Place: Mumbai
Date: May 16, 2018


Pinkesh Bansal
Chief Financial Officer
M.No. 121387



Jyothy Fabricare Services Limited

Statement of changes in equity

for the year ended march 31, 2018

A Equity Share Capital

Amount in Rs.

| | As at March 31, 2018 | As at March 31, 2017 |
|--|-------------------------|-------------------------|
| Equity shares of Rs.10 each issued, subscribed and fully paid | | |
| At the beginning of the period | 13,05,00,000 | 13,05,00,000 |
| Issue of share capital | - | - |
| At the end of the period | <u>13,05,00,000</u> | <u>13,05,00,000</u> |
| Series A Compulsorily Convertible Preference Share of face Value Rs.10 each | | |
| At the beginning of the period | 3,30,00,000 | 3,30,00,000 |
| Issued during the period | - | - |
| At the end of the period | <u>3,30,00,000</u> | <u>3,30,00,000</u> |
| | <u>16,35,00,000</u> | <u>16,35,00,000</u> |

For further details, Refer Note 14

B Other Equity

Amount in Rs.

| | Equity component of compound financial instruments | Retained Earning | Amalgamation reserve account | Securities premium | General Reserves | Total |
|----------------------------|---|-------------------------|---------------------------------|-----------------------|------------------|-------------------------|
| As on 1 April 2016 | 78,97,89,394 | (1,68,40,99,240) | (26,17,57,208) | 46,93,00,005 | 28,50,000 | (68,39,17,049) |
| Loss for the year | - | (28,41,18,219) | - | - | - | (28,41,18,219) |
| Other Comprehensive Income | - | (7,75,260) | - | - | - | (7,75,260) |
| As on 31 March 2017 | <u>78,97,89,394</u> | <u>(1,96,89,92,719)</u> | <u>(26,17,57,208)</u> | <u>46,93,00,005</u> | <u>28,50,000</u> | <u>(96,88,10,528)</u> |
| As on 31 March 2017 | 78,97,89,394 | (1,96,89,92,719) | (26,17,57,208) | 46,93,00,005 | 28,50,000 | (96,88,10,529) |
| Loss for the year | - | (28,72,56,561) | - | - | - | (28,72,56,561) |
| Other Comprehensive Income | - | (4,12,549) | - | - | - | (4,12,549) |
| As on 31 March 2018 | <u>78,97,89,394</u> | <u>(2,25,66,61,829)</u> | <u>(26,17,57,208)</u> | <u>46,93,00,005</u> | <u>28,50,000</u> | <u>(1,25,64,79,638)</u> |

As per our report of even date

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

Chartered Accountants

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



Sreeja Marar

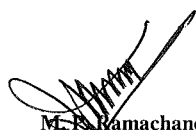
Partner

Membership No: 111410

Place: Mumbai

Date: May 16, 2018

For and on behalf of the Board of Directors of
Jyothy Fabricare Services Limited



M. P. Kamachandran

Chairman and Managing Director

DIN - 00553406



K. Ullas Kamath

Director

DIN - 00506681



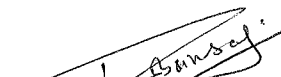
Mayank Patwa

Company Secretary

M.No. A42480

Place: Mumbai

Date: May 16, 2018



Pinkesh Bansal

Chief Financial Officer

M.No. 121387



Jyothy Fabricare Services Limited

Notes to financial Statements

for the Year Ended March 31, 2018

1 Corporate information

Jyothy Fabricare Services Limited ('the Company') is a public Company domiciled in India. The Company is principally engaged in the business of 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 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.

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 Indian Rupees.

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. Fair value measurement

The Company measures financial instruments (Refer Note 2k) 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

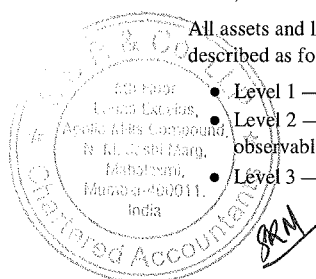
The principal or the most advantageous market must be accessible by the Company.

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.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2018

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

b. Fair value measurement (Continued)

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.

c. 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.

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.

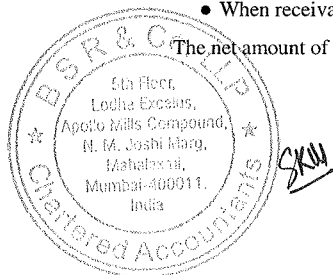
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax/ value added tax/ 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 tax/ goods and service tax 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.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2018

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

d. 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) |
|----------------------------------|-------------------------------------|
| Building - Factory | 30 |
| Plant and machinery | 15 |
| Furniture and fixtures | 10 |
| Computers | 3-6 |
| Office equipments | 5 |
| Vehicles | 8-10 |
| Leasehold Improvements - Outlets | 3 |

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.

e. Intangible asset

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) |
|-----------------------|-------------------------------------|
| Software and Licences | 5 |
| Trade mark | 9-10 |

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.

f. 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.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2018

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

g. 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.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Lease payments on operating leases are recognized as expense in the statement of profit and loss on a straight-line basis, over the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

h. Inventories

Inventories are valued at the lower of cost and net realisable value.

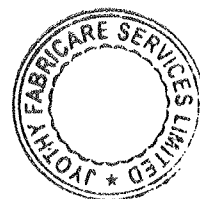
Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw and Packing materials, stores and spares and fuel: 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.

i. Impairment of non-financial assets

- i) 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) net selling price and its value in use. The 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 groups of assets. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre-tax discount rate. In determining net selling price, recent market transaction are taken in to account, if available. If no such transaction can be identified, in appropriate valuation model is used.
- ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- iii) 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 assets in prior years.
- iv) Goodwill is tested for impairment annually 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 group 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.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2018

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

j. 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.

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

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.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group 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 group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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 on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- (b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind-AS 18 Revenue.

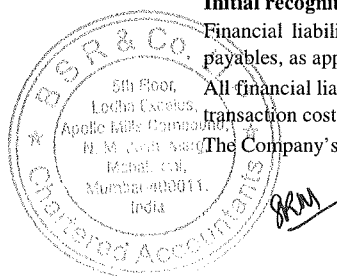
Financial liabilities

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, 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.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2018

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

j. Financial instruments (Continued)

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.

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 statement of profit or loss.

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.

k. Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

l. Revenue recognition

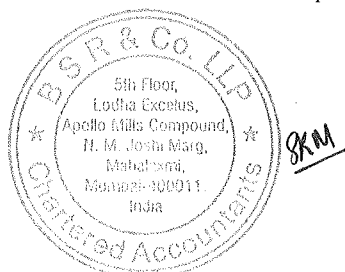
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

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/ goods and 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 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 finance income in the statement of profit and loss.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2018

2 Significant accounting policies (Continued)

2.2 Summary of significant accounting policies (Continued)

m. 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:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

n. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

o. Provisions

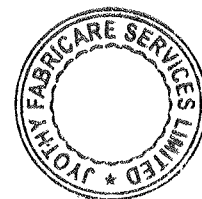
A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

p. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

q. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



Jyothy Fabricare Services Limited

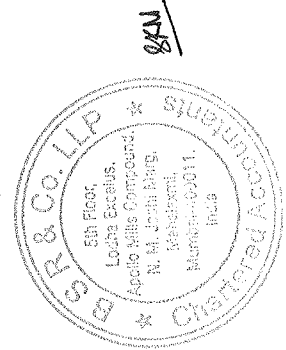
Notes to financials Statements (Continued) for the Year Ended March 31, 2018

3a Property, plant and equipments

| Particulars | Building | Freehold Land @ | Leasehold land | Plant and machinery | Furniture and fixture | Leasehold Improvements | Office equipments | Vehicle | Amount in Rs. Total Tangible assets |
|------------------------------------|--------------|-----------------|----------------|---------------------|-----------------------|------------------------|-------------------|-----------|--|
| Cost | | | | | | | | | |
| As at April 1, 2017 | 16,85,40,748 | 5,37,85,319 | 17,70,438 | 18,36,14,194 | 1,09,18,884 | 98,62,748 | 86,65,247 | 78,26,270 | 44,49,83,848 |
| Additions | - | - | - | 95,25,277 | 2,03,965 | 16,27,753 | 14,51,027 | 5,36,682 | 1,33,44,704 |
| Disposals | - | - | - | 2,62,458 | 5,791 | - | 1,17,228 | 7,50,504 | 11,35,981 |
| As at March 31, 2018 | 16,85,40,748 | 5,37,85,319 | 17,70,438 | 19,28,77,013 | 1,11,17,058 | 1,14,90,501 | 99,99,046 | 76,12,448 | 45,71,92,571 |
| Depreciation and impairment | | | | | | | | | |
| As at April 1, 2017 | 1,30,49,416 | - | 54,162 | 4,41,62,722 | 40,71,432 | 72,14,173 | 44,31,520 | 41,63,018 | 7,71,46,443 |
| Depreciation charge for the year | 66,23,038 | - | 30,495 | 1,68,68,352 | 19,41,664 | 20,97,443 | 14,31,283 | 14,18,076 | 3,04,10,351 |
| Disposals | - | - | - | 94,026 | 1,904 | - | 1,02,807 | 4,85,261 | 6,83,998 |
| As at March 31, 2018 | 1,96,72,454 | - | 84,657 | 6,09,37,048 | 60,11,193 | 93,11,616 | 57,59,996 | 50,95,833 | 10,68,72,796 |
| Net book value | | | | | | | | | |
| As at March 31, 2018 | 14,88,68,294 | 5,37,85,319 | 16,85,781 | 13,19,39,965 | 51,05,866 | 21,78,885 | 42,39,051 | 25,16,615 | 35,03,19,775 |
| As at April 1, 2017 | 15,54,91,332 | 5,37,85,319 | 17,16,276 | 13,94,51,472 | 68,47,452 | 26,48,575 | 42,33,727 | 36,63,252 | 36,78,37,405 |

@ Freehold Land, leasehold land & Building includes assets which are not transferred in the name of the Company amounting to Rs.19,167,267 (Gross Block) (2017: Rs.19,167,267). These are held in the name of entities which have been merged with the Company in earlier years.

Refer Note 15 for details of property plant and equipment pledged as security against borrowing.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2018

3b Intangible assets

| Particulars | Amount in Rs. | | | |
|------------------------------------|---------------|---|----------------------------------|----------------------------------|
| | Goodwill | Other Intangible assets Software and Licences | Trade marks and Copyrights \$ | Total Other intangible assets |
| Cost | | | | |
| As at April 1, 2017 | 1,38,16,434 | 40,16,550 | 20,23,360 | 60,39,910 |
| Additions | - | 31,59,264 | - | 31,59,264 |
| Disposals | - | - | - | - |
| As at March 31, 2018 | 1,38,16,434 | 71,75,814 | 20,23,360 | 91,99,174 |
| Depreciation and impairment | | | | |
| As at April 1, 2017 | - | 22,25,386 | 8,37,770 | 30,63,156 |
| Depreciation charge for the year | - | 11,29,467 | 4,11,742 | 15,41,209 |
| Disposals | - | - | - | - |
| As at March 31, 2018 | - | 33,54,853 | 12,49,512 | 46,04,365 |
| Net book value | | | | |
| As at March 31, 2018 | 1,38,16,434 | 38,20,962 | 7,73,848 | 45,94,809 |
| As at April 1, 2017 | 1,38,16,434 | 17,91,164 | 11,85,590 | 29,76,754 |

\$ Trademark is pending registration in the name of the Company.

The goodwill is tested for impairment annually as at March 31st and accordingly no impairment charges were identified for FY 2017-18 (Nil for FY2016-17). Goodwill relates to the acquisition of 'Snowways' brand in earlier years and the projections cover a period of eight 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.

Following key assumptions were considered while performing impairment testing :-

Terminal value growth rate - 5%

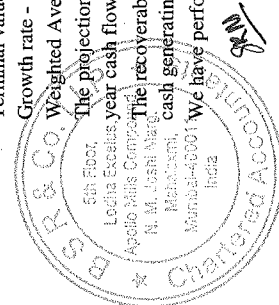
Growth rate - 10% - 15%

Weighted Average Cost of Capital % (WACC) (Discount rate) - 12.5%

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. 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 to financial Statements (Continued)
for the Year Ended March 31, 2018

Amount in Rs.

4 Investment in subsidiaries at cost (unquoted)

| | As at March 31, 2018 | As at March 31, 2017 |
|---|-------------------------|-------------------------|
| 490,000 (2017: 490,000) equity shares of Rs.10 each fully paid-up in Snoways Laundrers & Drycleaners Private Limited | 9,636,270 | 9,636,270 |
| 2,207,000 (2017: 2,207,000) equity shares of Rs.10 each fully paid-up in Four Seasons Drycleaning Company Private Limited | - | - |
| M/s JFSL - JLL (JV) - Partnership firm (Refer Note 36) | 40,668,130 | 25,479,196 |
| | 50,304,400 | 35,115,466 |
| Aggregate value of unquoted investments | 50,304,400 | 35,115,466 |
| Aggregate amount of impairment in value of unquoted investments | - | - |

5 Loans

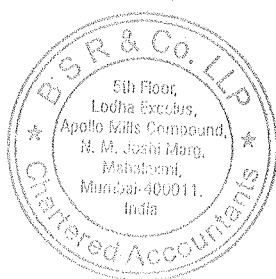
| | Non-Current | | Current | |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Loans /Advances to Subsidiaries | 27,143,513 | 26,363,804 | 4,245,528 | 743,654 |
| Less: Loss allowance | (27,143,513) | (26,363,804) | - | - |
| | - | - | 4,245,528 | 743,654 |
| Deposits | 8,330,854 | 19,728,878 | 18,026,441 | 5,041,905 |
| | 8,330,854 | 19,728,878 | 22,271,969 | 5,785,559 |

6 Other financial assets.

| | Non-Current | | Current | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Fixed deposits with Banks having remaining maturity of more than 12 months (Refer Note - 13) | 996,795 | 3,155,168 | - | - |
| Others# | 11,851,209 | 11,851,188 | - | - |
| Less: Loss allowance | (525,000) | (525,000) | - | - |
| | 12,323,004 | 14,481,356 | - | - |

Includes advance given to Suresh Babu Balasu amounting to Rs.10,200,000 (2017 : Rs.10,200,000) in relation to the Share Purchase agreement dated August 12, 2009 for future purchase of 51% shares held by him of Snoways Laundrers & DryCleaners Private Limited (the subsidiary company).

| | 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 assets carried at amortised cost | | | | |
| Trade receivables (Note 12) | - | - | 23,378,815 | 38,428,287 |
| Loans (Note 5) | 8,330,854 | 19,728,878 | 22,271,969 | 5,785,559 |
| Other financial assets (Note 6) | 12,323,004 | 14,481,356 | - | - |
| Cash and cash equivalent and other bank balances (Note 13a and 13b) | - | - | 32,030,218 | 31,637,138 |
| Total financial assets carried at amortised cost | 20,653,858 | 34,210,233 | 77,681,002 | 75,850,985 |



Notes to financials Statements (Continued)
for the Year Ended March 31, 2018

Amount in Rs.

7 Other Assets

Amount in Rs.

| | Non-Current | | Current | |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Advance to suppliers | - | - | 56,59,837 | 54,84,016 |
| Less: Provision for doubtful advances | - | - | (44,91,967) | (42,36,775) |
| | - | - | 11,67,870 | 12,47,241 |
| Prepaid Expenses | 10,69,142 | 57,34,061 | 16,51,921 | 11,52,602 |
| Capital advances | - | 2,94,320 | - | - |
| Balances with Government authorities | - | 25,000 | 1,65,22,503 | 36,13,018 |
| Others | - | - | 4,54,042 | 9,95,536 |
| | 10,69,142 | 60,53,381 | 1,97,96,336 | 70,08,397 |

8 Deferred Tax Assets (net)

| | | As at March 31, 2018 | As at March 31, 2017 |
|--|-------|-------------------------|-------------------------|
| | | | |
| a) Deferred tax liability | | | |
| Depreciation | | 1,30,99,791 | 1,30,05,843 |
| Fair value adjustments | | 38,27,659 | 66,74,974 |
| | (A) | 1,69,27,450 | 1,96,80,817 |
| b) Deferred Tax Assets | | | |
| Provision for Gratuity | | 36,20,843 | 57,19,283 |
| Provision for Bonus | | 10,07,492 | 16,06,730 |
| Provision for Leave Encashment | | 21,61,765 | 27,30,434 |
| Mat Credit Receivable | | 2,42,699 | 2,42,699 |
| Provision for doubtful debts and Advances (only to the extent of deferred tax liability) | | 1,01,37,350 | 96,24,370 |
| | (B) | 1,71,70,150 | 1,99,23,517 |
| | (B-A) | 2,42,699 | 2,42,699 |

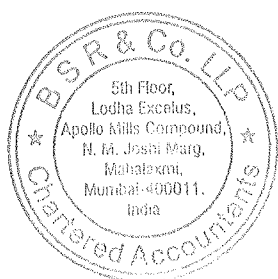
The Company has recognised deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised.

9 Income tax assets (net)

| | Non-Current | | Current | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Advance tax [Net of Provision of Rs.Nil, (2017: Rs.Nil)] | 1,50,72,681 | 1,56,30,741 | - | - |
| | 1,50,72,681 | 1,56,30,741 | - | - |

10 Inventories (valued at lower of cost or net realisable value)

| | As at March 31, 2018 | As at March 31, 2017 |
|---------------------------|-------------------------|-------------------------|
| | | |
| Raw and packing materials | 16,84,996 | 42,22,511 |
| Fuel | 1,58,963 | 5,32,681 |
| Stores & Spares | 13,75,887 | 15,84,261 |
| | 32,19,846 | 63,39,453 |



Notes to financial Statements (Continued)
for the Year Ended March 31, 2018

| | Amount in Rs. | |
|---|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| 11 Investments | | |
| <u>Investments at Fair Value through Profit & Loss</u> | | |
| Kotak Low Duration Fund Std Growth-Regular NIL (2017 : 12,744.698) units of Rs.NIL (2017 : Rs.1,000) each | - | 25,325,545 |
| TSTG Tata Short Term Bond Fund Plan A - Growth 1,953,407.32 (2017 : 1,953,407.32) units of Rs.10 (2017 : Rs.10) each | 63,074,546 | 59,712,537 |
| HDFC High Interest Fund - Dynamic Plan - Growth 134,153.698 (2017 : 1,037,150.73) units of Rs.10 (2017 : Rs.10) each | 7,904,416 | 58,734,676 |
| Axis Treasury Advantage Fund - Direct Growth 10,730.645 (2017 : NIL) units of Rs.1,000 (2017 : Rs.NIL) each | 21,255,853 | - |
| | 92,234,815 | 143,772,758 |
| Aggregate value of quoted investments & market value thereof | 92,234,815 | 143,772,758 |
| For determination of fair values, refer Note 40 | | |

| | As at March 31, 2018 | As at March 31, 2017 |
|--|-------------------------|-------------------------|
| 12 Trade Receivables (Unsecured) | | |
| Trade Receivables | | |
| - Considered good | 23,378,815 | 38,428,287 |
| - Considered doubtful | 4,519,156 | 2,992,064 |
| | 27,897,971 | 41,420,351 |
| Less: Loss allowance | (4,519,156) | (2,992,064) |
| | 23,378,815 | 38,428,287 |
| | As at March 31, 2018 | As at March 31, 2017 |
| Movements of provision for bad and doubtful debts | | |
| Balance as at 1st April | (2,992,064) | (2,992,064) |
| Arising during the year | (1,527,092) | - |
| Reversal during the year | - | - |
| Balance as at 31st March | (4,519,156) | (2,992,064) |

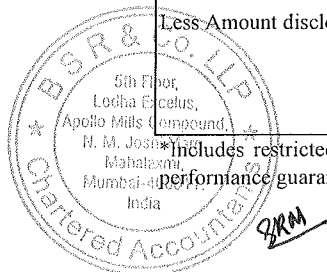
Trade receivable are non interest bearing and are generally on advance term or for a term of 15-30 days.

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.

13 Cash and bank balances

| | Non-Current | | Current | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| 13 (a) Cash and Cash equivalent | | | | |
| Cash in hand | - | - | 3,005,500 | 1,573,297 |
| On Current accounts | - | - | 13,625,227 | 10,161,019 |
| | - | - | 16,630,727 | 11,734,316 |
| 13 (b) Other bank balances | | | | |
| Fixed deposits with Banks having original maturity of more than 3 months but less than 12 months * | - | - | 15,399,491 | 14,561,694 |
| Fixed deposits with Banks having remaining maturity of more than 12 months * | 996,795 | 3,155,168 | - | 5,341,128 |
| Less Amount disclosed under other financial assets (Refer | (996,795) | (3,155,168) | - | - |
| | - | - | 15,399,491 | 19,902,822 |
| | - | - | 32,030,218 | 31,637,138 |

*Includes restricted deposits of Rs.16,396,286 (2017 - Rs.15,500,179) placed with bank as margin money or deposits for the purpose of performance guarantee or against the earnest money deposit in relation to tenders from Railway Authorities.



Notes to financials Statements (Continued)

for the Year Ended March 31, 2018

14 (a) Share Capital

| | As at March 31, 2018 | Amount in Rs. Amount in Rs. As at March 31, 2017 |
|---|-------------------------|---|
| Authorised Shares | | |
| 17,250,000 (2017 : 17,250,000) Equity shares of face value Rs.10 each | 17,25,00,000 | 17,25,00,000 |
| 3,300,000 (2017 : 3,300,000) Series A Compulsorily Convertible Preference Share of face value of Rs.10 each | 3,30,00,000 | 3,30,00,000 |
| 10,000,000 (2017 : 10,000,000) 2% Optionally Convertible Non - Cumulative Preference Share of face Value Rs.10 each | 10,00,00,000 | 10,00,00,000 |
| | 30,55,00,000 | 30,55,00,000 |
| Issued, Subscribed And Paid Up Shares | | |
| 13,050,000 (2017 : 13,050,000) Equity shares of face value of Rs.10 each | 13,05,00,000 | 13,05,00,000 |
| 3,300,000 (2017 : 3,300,000) Series A Compulsorily Convertible Preference Share of face Value Rs.10 each | 3,30,00,000 | 3,30,00,000 |
| | 16,35,00,000 | 16,35,00,000 |

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

| | As at March 31, 2018 | | As at March 31, 2017 | |
|--|-------------------------|---------------------|-------------------------|--------------------|
| | No. of Shares | Amount in Rs. | Amount in Rs. | No. of Shares |
| Equity Shares | | | | |
| At the beginning of the Period | 1,30,50,000 | 13,05,00,000 | 13,05,00,000 | 1,30,50,000 |
| Outstanding at the end of the Period | 1,30,50,000 | 13,05,00,000 | 13,05,00,000 | 1,30,50,000 |
| | As at March 31, 2018 | | As at March 31, 2017 | |
| | No. of Shares | Amount in Rs. | Amount in Rs. | No. of Shares |
| Series A Compulsorily Convertible Preference Share | | | | |
| At the beginning of the Period | 33,00,000 | 3,30,00,000 | 3,30,00,000 | 33,00,000 |
| Outstanding at the end of the Period | 33,00,000 | 3,30,00,000 | 3,30,00,000 | 33,00,000 |

b. Terms of equity shares

The Company has one class of equity share having face value of Rs.10 each. Each share holder is eligible for one vote per share held. 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 share holders.

c. Terms of preference shares

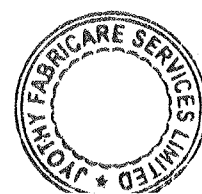
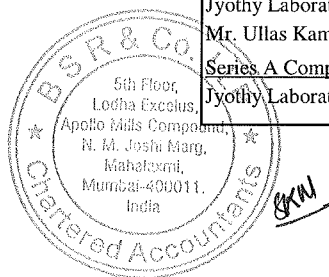
During the year ended March 31, 2012, the Company had issued 3,300,000 Series A compulsorily convertible preference shares (CCP) of Rs.10 each fully paid up. CCP carry cumulative dividend @ 0.1% p.a. The Series A preference shares are compulsorily convertible (conversion ratio of 1 equity share to be issued for 1 preference share held) after the expiry of seven years from the allotment date i.e. June 18, 2011.

d. Shares held by holding /ultimate holding company and/or their subsidiaries /associates

| | As at March 31, 2018 | As at March 31, 2017 |
|---|-------------------------|-------------------------|
| <u>Jyothy Laboratories Limited, the holding Company</u> | | |
| 9,800,000 (2017 : 9,800,000) Equity shares of Rs.10 each fully paid | 9,80,00,000 | 9,80,00,000 |
| 3,300,000 (2017 : 3,300,000) Series A Compulsorily Convertible Preference Share of face Value Rs.10 each fully paid | 3,30,00,000 | 3,30,00,000 |

e. Details of shareholders holding more than 5% shares in the Company

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------------------|------------------------|----------------------|------------------------|
| | No. of Shares | % holding in the class | No. of Shares | % holding in the class |
| <u>Equity Shares of Rs.10 each fully paid</u> | | | | |
| Jyothy Laboratories Limited, the holding Company | 98,00,000 | 75.10% | 98,00,000 | 75.10% |
| Mr. Ullas Kamath | 32,40,000 | 24.83% | 32,40,000 | 24.83% |
| <u>Series A Compulsorily Convertible Preference Share</u> | | | | |
| Jyothy Laboratories Limited, the holding Company | 33,00,000 | 100.00% | 33,00,000 | 100.00% |



Notes to financials Statements (Continued)
for the Year Ended March 31, 2018

Amount in Rs.

14 (b) Other Equity

Refer Statement of Changes in Equity for detailed movement in Equity balance.

A. Summary of Other Equity balance.

Amount in Rs.

| | As at March 31, 2018 | As at March 31, 2017 |
|--|-------------------------|-------------------------|
| Equity component of compound financial instruments | 78,97,89,394 | 78,97,89,394 |
| Retained earnings | (2,25,66,61,829) | (1,96,89,92,719) |
| Amalgamation reserve account | (26,17,57,208) | (26,17,57,208) |
| Securities premium | 46,93,00,005 | 46,93,00,005 |
| General reserves | 28,50,000 | 28,50,000 |
| Total Other Equity | <u>(1,25,64,79,638)</u> | <u>(96,88,10,528)</u> |

B. Nature and purpose of reserves

- (a) Equity component of compound financial instruments - Equity component of 2% Optionally Convertible Non - Cumulative Preference Share.
- (b) Retained earnings - Retained earnings are the losses that the Company has incurred till date.
- (c) Amalgamation reserve account - Excess of book value of investment in the equity share capital of Akash Cleaners Private Limited ("ACPL"), Diamond Fabcare Private Limited ("DFPL") & Fabclean and Care Private Limited("FCPL") over the face value of such share capital
- (d) Securities premium - The amount received in excess of face value of the equity shares and Convertible Preference shares is recognised in Securities Premium Reserve.
- (e) General reserves -on amalgamation of Akash Cleaners Private Limited ("ACPL")



Notes to financials Statements (Continued)
for the Year Ended March 31, 2018

15 Borrowings

| | Amount in Rs. Amount in Rs. | |
|---|--------------------------------|-------------------------|
| | Non-Current | |
| | As at March 31, 2018 | As at March 31, 2017 |
| Unsecured Zero Coupon non convertible debentures | | |
| NIL (2017 : 400) Rated, Unlisted, Redeemable, Non -Convertible Debentures of Rs.1,000,000 (2017: Rs.1,000,000) each | - | 40,00,00,000 |
| 600 (2017 : NIL) Rated, Unlisted, Redeemable, Non -Convertible Debentures of Rs.1,000,000 (2017 : NIL) each | 60,00,00,000 | - |
| Liability component of compound financial instruments | | |
| Optionally Convertible preference shares (unsecured) | 1,06,86,51,861 | 95,41,53,449 |
| Amount disclosed under the head "other financial liabilities"(Refer Note - 18) | (60,00,00,000) | (40,00,00,000) |
| | 1,06,86,51,861 | 95,41,53,449 |

- During the year debenture of 40 Crores of Rs.1,000,000 each have been redeemed at premium of Rs.340,455 per debenture after three years from the date of its allotment i.e. January 12, 2015.
- Debentures issued during the year of Rs. 60 Crores are redeemable at a premium of Rs. 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. Accordingly the debentures have been classified as current as at March 31, 2018. The debentures are secured against a negative lien on the fixed assets of the Company.
- At March 31, 2018 and 2017, there were 2% Optionally Convertible Non - Cumulative Preference Share (OCNPS) of face Value Rs.10 each to its holding company at a premium of Rs.190 per share. On completion of three years from the date of allotment, the holder of OCNPS on or before March 31, 2021, may exercise the option to convert one OCNPS to one equity share of face value of Rs. 10 each of the company.

16 Provisions

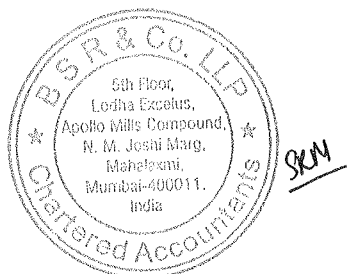
| | Non - Current | | Current | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Provision for Leave Encashment | - | - | 83,95,204 | 88,36,357 |
| Provision for Gratuity (Refer Note - 27) | 1,28,15,344 | 1,55,65,598 | 12,46,184 | 29,43,409 |
| | 1,28,15,344 | 1,55,65,598 | 96,41,388 | 1,17,79,766 |

17 Trade payables

| | Current | |
|--|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Total outstanding dues of micro enterprises and small enterprises (Refer Note 34) | 8,07,139 | 15,94,022 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 3,37,67,208 | 3,41,99,904 |
| | 3,45,74,346 | 3,57,93,926 |

18 Other Financial liabilities

| | Current | |
|--|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Current maturities of long term borrowing (Refer Note 15) | 60,00,00,000 | 40,00,00,000 |
| Creditors for capital goods | 31,26,269 | 19,10,406 |
| Premium payable on redemption of Debentures (Refer footnotes to Note 15) | 1,02,59,178 | 9,68,83,051 |
| Security deposit | 5,19,248 | 4,81,002 |
| | 61,39,04,695 | 49,92,74,459 |



Notes to financials Statements (Continued)
for the Year Ended March 31, 2018

Amount in Rs.

18 Other Financial liabilities (Continued)

For explanation on the Companies credit risk management policies, Refer Note 40.

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 payables are non-interest bearing and are settled within a year.
- 3) Interest payable us settled as per the term of the borrowings.

Amount in Rs.

| | Non - Current | | Current | |
|--|-----------------------|---------------------|---------------------|---------------------|
| | As at | As at | As at | As at |
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| Break up of financial liabilities carried at amortised cost | | | | |
| Borrowings (Refer Note 15) | 1,06,86,51,861 | 95,41,53,449 | - | - |
| Trade payables (Refer Note 17) | - | - | 3,45,74,346 | 3,57,93,926 |
| Other financial liabilities (Refer Note 18) | - | - | 61,39,04,695 | 49,92,74,459 |
| Total of financial liabilities carried at amortised cost | 1,06,86,51,861 | 95,41,53,449 | 64,84,79,041 | 53,50,68,385 |

19 Other liabilities

Statutory dues

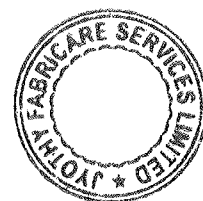
| | Current | |
|----------------|------------------|------------------|
| | As at | As at |
| | March 31, 2018 | March 31, 2017 |
| Statutory dues | 27,84,178 | 28,09,924 |
| | 27,84,178 | 28,09,924 |



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued) for the Year Ended March 31, 2018

| | Year ended March 31, 2018 | Amount in Rs. Year ended March 31, 2017 |
|--|------------------------------|---|
| 20 Revenue from operations | | |
| Sale of Services (Laundry Services) | 31,75,28,722 | 34,88,31,983 |
| | 31,75,28,722 | 34,88,31,983 |
| 21 Other Income | | |
| Net change in fair value of financial assets measured at FVTPL | 40,22,344 | 1,01,38,582 |
| Profit on sale of current investments | 25,92,665 | 46,98,194 |
| Interest on fixed deposits | 11,50,352 | 20,32,621 |
| Interest on loans to subsidiaries | 35,46,659 | 30,60,525 |
| Interest on capital invested in Partnership firm | 38,13,258 | 33,35,996 |
| Miscellaneous income | 14,28,923 | 33,91,812 |
| | 1,65,54,201 | 2,66,57,730 |
| 22 Cost of services | | |
| Opening stock | 42,22,511 | 38,76,940 |
| Add: Cost of purchases | 3,31,11,337 | 3,82,77,452 |
| | 3,73,33,848 | 4,21,54,392 |
| Less: Closing stock | 16,84,996 | 42,22,511 |
| Material consumed (A) | 3,56,48,852 | 3,79,31,881 |
| Subcontracting charges (B) | 1,55,50,029 | 73,17,608 |
| Total (A+B) | 5,11,98,881 | 4,52,49,489 |
| 23 Employee benefit expense | | |
| Salaries and wages | 16,39,72,158 | 16,55,50,643 |
| Contribution to Provident and other funds | 1,11,89,451 | 1,06,45,975 |
| Gratuity (Refer Note - 27) | 35,05,245 | 39,58,084 |
| Staff welfare expenses | 41,23,550 | 75,72,434 |
| | 18,27,90,404 | 18,77,27,136 |



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued) for the Year Ended March 31, 2018

| | Year ended March 31, 2018 | Amount in Rs. Year ended March 31, 2017 Amount in Rs. |
|--|------------------------------|--|
| 24 Other Expenses | | |
| Power and fuel consumed | 4,37,54,419 | 6,20,39,673 |
| Rent (Refer note 31) | 5,77,89,410 | 6,72,49,441 |
| Repairs and maintenance | | |
| -Building | 6,05,028 | 4,59,282 |
| -Plant & Machinery | 51,75,768 | 1,22,37,891 |
| -Others | 54,48,989 | 4,65,573 |
| Printing and stationery | 13,27,134 | 10,76,615 |
| Legal and professional fees | 55,90,087 | 30,67,700 |
| Rates and taxes | 22,96,389 | 29,13,378 |
| Advertisement and publicity | 1,32,24,870 | 43,37,428 |
| Travelling expenses | 54,80,570 | 46,23,186 |
| Vehicle expenses | 1,31,67,641 | 1,23,49,072 |
| Security charges | 62,85,165 | 62,03,870 |
| Water charges | 45,85,934 | 72,92,325 |
| Telephone, mobile, fax expenses | 43,15,538 | 48,89,924 |
| Office maintenance | 19,43,805 | 23,59,221 |
| Clothes/ Laundry damage charges | 12,88,775 | 16,72,929 |
| Loss on sales of fixed assets | 1,16,198 | 25,04,288 |
| Fixed assets written off | - | 10,431 |
| Freight & handling charges | 35,22,873 | 11,82,563 |
| Concession fee | 47,98,657 | 17,30,312 |
| Payment to Auditors (Refer Note 30) | 8,00,000 | 18,58,488 |
| Provision for doubtful advances | 25,61,993 | 2,91,57,790 |
| Bad debt / Advance written off | 6,45,642 | 7,58,654 |
| Share of (profit)/loss in Partnership Firm | 11,61,068 | (11,04,175) |
| Miscellaneous expenses | 54,56,146 | 63,71,194 |
| | 19,13,42,099 | 23,57,07,053 |
| 25 Depreciation and amortisation | | |
| Depreciation of tangible assets | 3,04,10,344 | 4,13,87,262 |
| Amortisation of intangible assets | 15,41,214 | 12,06,769 |
| | 3,19,51,558 | 4,25,94,031 |
| 26 Finance Costs | | |
| Interest on debt component of compound financial instruments | 11,44,98,414 | 10,22,30,727 |
| Other Borrowing cost - Premium on redemption of Debentures | 4,95,58,128 | 4,60,99,496 |
| | 16,40,56,542 | 14,83,30,223 |



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Jyothy Fabricare Services Limited

Notes to financials Statements (Continued) for the Year Ended March 31, 2018

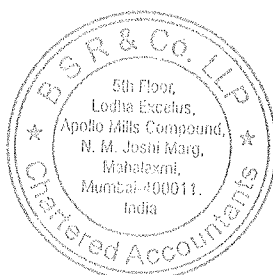
27

(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.

| | Amount in Rs. | |
|--|---|---|
| | As at March 31, 2018 Gratuity Funded | As at March 31, 2017 Gratuity Funded |
| (A) Summary of the Actuarial Assumptions | | |
| Mortality | IALM (2006-08) Ult | IALM (2006-08) Ult |
| Discount rate | 7.50% | 6.90% |
| Rate of increase in compensation | 10.00% | 8.00% |
| Withdrawal rates | 15% p.a | 15% p.a |
| 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. | | |
| (B) Changes in present value of obligations (PVO) | | |
| PVO at beginning of period | 1,93,24,330 | 1,54,16,949 |
| Interest cost | 13,32,435 | 12,01,668 |
| Current Service Cost | 22,29,027 | 28,15,123 |
| Benefits Paid | (83,65,271) | (8,88,101) |
| Actuarial changes arising from changes in demographic assumptions | - | (5,11,638) |
| Re-measurement gain /(losses) arising from changes in financials assumptions | 11,72,211 | 12,35,033 |
| Experience adjustments | (7,53,507) | 55,296 |
| PVO at end of period | 1,49,39,225 | 1,93,24,330 |
| (C) Changes in the fair value of plan assets | | |
| Fair value of plan assets at the beginning of the period | 8,15,323 | 7,53,185 |
| Investment income | 56,217 | 58,707 |
| Benefits Paid | - | - |
| Return on plan assets | 6,155 | 3,431 |
| Fair value of plan assets at the end of the period | 8,77,695 | 8,15,323 |
| (D) Expenses recognised in the statement of profit and loss | | |
| Current service cost | 22,29,027 | 28,15,123 |
| Net Interest cost on the Net Defined Benefit Liability / (Asset) | 12,76,218 | 11,42,961 |
| Expense recognised in the statement of profit and loss | 35,05,245 | 39,58,084 |
| (E) Remeasurement gains/(losses) in other comprehensive income | | |
| Return on plan assets | (6,155) | (3,431) |
| Actuarial changes arising from changes in demographic assumptions | - | (5,11,638) |
| Re-measurement changes arising from changes in financial assumptions | 11,72,211 | 12,35,033 |
| Experience adjustments | (7,53,507) | 55,296 |
| Total amount recognised in OCI | 4,12,549 | 7,75,260 |
| (F) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows: | | |
| Investment with insurer | 100% | 100% |



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued) for the Year Ended March 31, 2018

27 Gratuity (Continued)

Amount in Rs.

| | March 31, 2018 | March 31, 2017 |
|---|----------------------|----------------------|
| (G) Net Assets/(Liabilities) recognised in the balance sheet | | |
| PVO at end of period | (1,49,39,225) | (1,93,24,330) |
| Fair value of plan assets at end of period | 8,77,695 | 8,15,323 |
| Funded status (deficit in fair value of plan assets over PVO) | (1,40,61,530) | (1,85,09,007) |
| Net assets / (Liability) recognised in the balance sheet | (1,40,61,530) | (1,85,09,007) |

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.

The results of sensitivity analysis is given below:

Amount in Rs.

| Particulars | March 31, 2018 | March 31, 2017 |
|-----------------------------------|----------------|----------------|
| Defined Benefit Obligation (Base) | 1,49,39,225 | 1,93,24,330 |

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|-------------|----------------------|-------------|
| | Decrease | Increase | Decrease | Increase |
| Discount Rate (-/+ 1%) | 1,59,07,308 | 1,40,72,607 | 2,04,43,035 | 1,83,15,937 |
| (% change compared to base due to sensitivity) | 6.50% | -5.80% | 5.80% | -5.20% |
| Salary Growth (-/+ 1%) | 1,40,83,910 | 1,58,75,073 | 1,83,16,833 | 2,04,20,336 |
| (% change compared to base due to sensitivity) | -5.70% | 6.30% | -5.20% | 5.70% |
| Attrition Rate (- / + 50% of attrition rate) | 1,64,71,443 | 1,41,84,285 | 2,01,91,204 | 1,88,28,868 |
| (% change compared to base due to sensitivity) | 10.30% | -5.10% | 4.50% | -2.60% |
| Mortality Rate (- / + 10% of mortality rate) | 1,49,41,562 | 1,49,36,894 | 1,93,25,510 | 1,93,23,154 |
| (% change compared to base due to sensitivity) | 0.0% | 0.0% | 0.0% | 0.0% |

(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 happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk to the extent of the funds available. 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 could 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 provide for payment 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

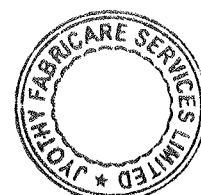
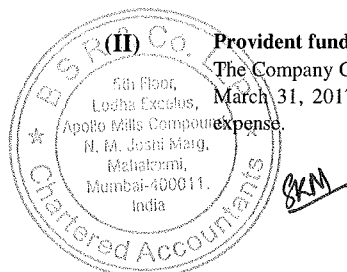
Weighted average duration (based on discounted cashflows) is 5 years

| Expected cash flows over the next (valued on undiscounted basis) | Rs. |
|--|-----------|
| 1 year | 21,23,879 |
| 2 to 5 years | 75,88,261 |
| 6 to 10 years | 69,98,448 |
| More than 10 years | 95,40,551 |

c) The Company expects to contribute Rs. Nil (2017- Rs. Nil) to gratuity fund.

(II) Provident fund

The Company Contributed Rs.27.96 lacs and Rs.25.71 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.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2018

28 Segment Reporting

Based on the 'management approach' as defined in Ind AS 108 - 'Operating Segments', the Company operates in only one reportable segment – the business of dry cleaning & laundry services.

During the year 2017-18 and 2016-17, no single external customer has generated revenue of 10% or more of the Company's total revenue.

29 Related Party Disclosures

a) Parties where control exists:-

Holding Company

Jyothy Laboratories Limited

Individual having control

M.P. Ramachandran (Chairman and Managing Director)

Wholly Owned Subsidiaries

Four Seasons Drycleaning Company Private Limited

Partnership Firm

M/s JFSL - JLL (JV)

Subsidiary Company:

Snoways Laundrers & Drycleaners Private Limited

b) Individual having substantial interest

K Ullas Kamath (Director)

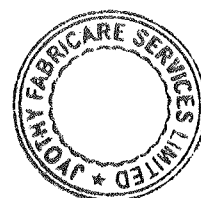
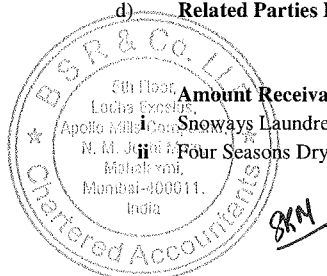
(The Director of the Company is an individual having substantial interest and hence has not separately been disclosed as a Key management personnel)

c) Transaction with related parties during the year

| | March 31, 2018 | Amount in Rs. March 31, 2017 |
|--|----------------|---------------------------------|
| Jyothy Laboratories Limited (JLL) | | |
| Purchase of miscellaneous items | 12,26,282 | 13,14,813 |
| Laundry services provided (Excluding service tax/ goods and service tax) | - | 13,460 |
| Reimbursement of Expenses (Net) | 21,78,845 | 19,63,318 |
| Guarantees given by JLL for borrowing on behalf of the Company | | |
| Balance outstanding as at year end is : | 60,00,00,000 | 40,00,00,000 |
| Four Seasons Drycleaning Company Private Limited | | |
| Interest Income | 33,14,936 | 29,86,092 |
| Washing Charges | 89,19,895 | 1,33,99,860 |
| Laundry Services Received (Excluding service tax/ goods and service tax) | 1,67,44,441 | 1,95,95,501 |
| Snoways Laundrers & Drycleaners Private Limited | | |
| Sub-lease charges | 60,000 | 60,000 |
| Advances Given | 70,00,000 | - |
| Reimbursement of Expenses | 36,91,677 | - |
| Interest Income | 2,31,723 | 74,433 |
| M/s JFSL - JLL (JV) | | |
| Capital Contribution (net) | 1,63,50,000 | - |
| Repayment of capital contribution (net) | - | 10,50,000 |
| Sale of Fixed Asset | - | 17,802 |
| Purchase of Fixed Asset | - | 13,397 |
| Rent on Plant & Machinery | 36,774 | |
| Salary Cost received | 65,56,334 | 46,50,893 |
| Interest income | 38,13,258 | 33,35,996 |
| Profit / (Loss) in Partnership Firm | (11,61,068) | 11,04,175 |

d) Related Parties Balances

| | As at March 31, 2018 | As at March 31, 2017 |
|--|-------------------------|-------------------------|
| Amount Receivable:- | | |
| Snoways Laundrers & Drycleaners Private Limited | 42,45,528 | 7,43,654 |
| Four Seasons Drycleaning Company Private Limited | 2,71,43,513 | 2,63,63,804 |



Jyothy Fabricare Services Limited

Notes to financial Statements (Continued)

for the Year Ended March 31, 2018

30 Supplementary information

| Particulars | March 31, 2018 | Amount in Rs. March 31, 2017 |
|--|-----------------|---------------------------------|
| Payments to auditors (Excluding Service Tax / GST) | | |
| As Auditors | | |
| - Audit fees | 6,00,000 | 16,50,000 |
| - Tax audit fees | 2,00,000 | 1,00,000 |
| - Reimbursement of expenses | - | 83,488 |
| - Other Services | - | 25,000 |
| | 8,00,000 | 18,58,488 |

31 Operating Lease

The Company has entered into Lease agreements for premises, which expire at various dates over the next 6 years. Certain agreements provide for increase in rent. All lease agreements are cancellable except in case of few agreements wherein there is a lock in period in the range of 11 months to 3 years. Lease rental expense for the year ended March 31, 2018 is Rs. 57,789,410 (2017 : Rs. 67,249,441).

Future lease payment under non - cancellable operating leases are as follows:

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|-------------------------|-------------------------|
| Payable not later than one year | - | - |
| Payable later than one year and not later than five years | - | - |
| Payable later than five years | - | - |
| | - | - |

32 Capital Commitments

| 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 | - | 23,23,071 |
| | - | 23,23,071 |

33 Contingent Liabilities

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|-------------------------|-------------------------|
| Contingent liabilities not probable and hence not provided for in respect of: | | |
| i) Service Tax | - | 2,51,81,011 |
| ii) Custom duty for F.Y 2007-08 to F.Y 2009-10 | 1,11,143 | 1,11,143 |
| | 1,11,143 | 2,52,92,154 |

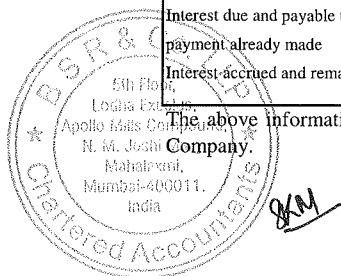
34 Micro and Small Enterprises

The disclosure under the Micro and Small Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors. There are no delays in payments to Micro and Small Enterprises in current year as well as in the previous year.

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 | 8,07,139 | 15,94,022 |
| Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid | - | - |
| 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 | - | - |

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2018

35 Earning Per Share (EPS)

| | Amount in Rs. | |
|---|----------------|----------------|
| | As at | As at |
| | March 31, 2018 | March 31, 2017 |
| Loss as per statement of Profit and Loss | (28,72,56,561) | (28,41,18,219) |
| Less - Dividend on Cumulative preference share | (33,000) | (33,000) |
| Less - Dividend Tax | (6,785) | (5,998) |
| Net Profit & Loss for calculation of EPS | (28,72,96,346) | (28,41,57,217) |
| Weighted average number of equity shares outstanding during the year in calculating basic EPS | 1,30,50,000 | 1,30,50,000 |
| Weighted average number of equity shares in calculating diluted EPS * | 1,30,50,000 | 1,30,50,000 |
| Basic & Diluted EPS (Rs.) | (22.02) | (21.77) |

* Potential Equity Shares are anti-dilutive.

36 Details of investments in partnership firm

| | Share in Profit /Loss (%) | |
|-----------------------------------|-----------------------------|----------------|
| | As at | As at |
| | March 31, 2018 | March 31, 2017 |
| Jyothy Fabricare Services Limited | 75.00% | 75.00% |
| Jyothy Laboratories Limited | 25.00% | 25.00% |
| Total capital of the firm | 5,42,24,168 | 3,39,72,258 |



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Jyothy Fabricare Services Limited

Notes to financial Statements (Continued)

for the Year Ended March 31, 2018

37 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, there are no judgements applied which have any significant effect on the amounts recognised in the financial statements.

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 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 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.

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.



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Jyothy Fabricare Services Limited

Notes to financial Statements (Continued)

for the Year Ended March 31, 2018

38 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:

| | Carrying values | | Fair values | |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| Financial Assets | | | | |
| Investment | 9,22,34,815 | 17,88,88,224 | 9,22,34,815 | 17,88,88,224 |
| Deposits (Non-Current) | 83,30,854 | 1,97,28,878 | 83,30,854 | 1,97,28,878 |
| Total | 10,05,65,669 | 19,86,17,102 | 10,05,65,669 | 19,86,17,102 |
| Financial Liabilities | | | | |
| Borrowings | 1,66,86,51,861 | 1,35,41,53,449 | 1,66,86,51,861 | 1,35,41,53,449 |
| Total | 1,66,86,51,861 | 1,35,41,53,449 | 1,66,86,51,861 | 1,35,41,53,449 |

The management assessed that fair value of cash and cash equivalents, trade receivables, current loans to subsidiaries, current deposits and other financial assets, trade payables and other current 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 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.

39 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 fair valued through profit or loss:-

| Particulars | Date of valuation | Total | Quoted prices in active markets (Level 1) | Significant Observable Inputs (Level 2) | Amount in Rs. |
|---|-------------------|--------------|---|---|---|
| | | | | | Significant Unobservable Inputs (Level 3) |
| Fair value of financial assets disclosed | | | | | |
| Investment | March 31, 2018 | 9,22,34,815 | 9,22,34,815 | - | - |
| | March 31, 2017 | 14,37,72,758 | 14,37,72,758 | - | - |

There have been no transfers between Level 1 and Level 2 during the period.

The Company does not have any financial liabilities fair valued through profit or loss.



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Jyothy Fabricare Services Limited

Notes to financials Statements (Continued) for the Year Ended March 31, 2018

40 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 senior management 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 always plans to maintain a cautious liquidity strategy to ensure that cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. In case of any shortfall from the operating activities, funding requirements are met through liquidation of mutual fund investments to the extent required.

For long term borrowings, the Company has a continuing support from its holding company to provide financial guarantees to the lenders. This ensures that appropriate refinancing options are available on the respective due dates.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

| | Amount in Rs. | | | |
|-------------------------------|---------------------|-----------------------|-------------------|-----------------------|
| | Less than 1 Year | 1 to 5 years | 5 years and above | Total |
| As at March 31, 2018 | | | | |
| Borrowings * | - | 1,66,86,51,861 | - | 1,66,86,51,861 |
| Other financial liabilities * | 1,39,04,695 | - | - | 1,39,04,695 |
| Trade payables | 3,45,74,346 | - | - | 3,45,74,346 |
| | 4,84,79,040 | 1,66,86,51,861 | - | 1,71,71,30,901 |
| As at March 31, 2017 | | | | |
| Borrowings | 40,00,00,000 | 95,41,53,449 | - | 1,35,41,53,449 |
| Other financial liabilities | 9,92,74,459 | - | - | 9,92,74,459 |
| Trade payables | 3,57,93,926 | - | - | 3,57,93,926 |
| | 53,50,68,385 | 95,41,53,449 | - | 1,48,92,21,833 |

* 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 15), the same has been presented as current maturity in the financial statements.

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, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits.

Interest rate risk

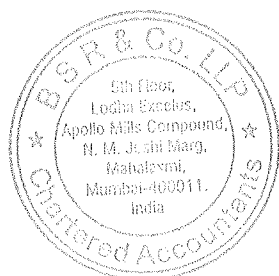
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk exist mainly on account of borrowings of the Company. However, all these borrowings are at fixed interest rate and hence the exposure 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 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.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued) for the Year Ended March 31, 2018

40 Financial risk management objectives and policies (Continued)

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.

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.

41 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 parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, other bank balances and current investments in mutual funds.

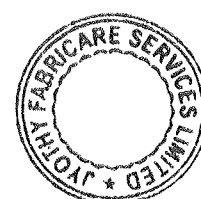
| | Amount in Rs. | |
|---|-----------------------|-----------------------|
| | March 31, 2018 | March 31, 2017 |
| Borrowings (Note 15) | 1,66,86,51,861 | 1,35,41,53,449 |
| Trade payables (Note 17) | 3,45,74,346 | 3,57,93,926 |
| Less: cash and cash equivalents, other bank balances and mutual funds | (12,42,65,033) | (17,54,09,896) |
| Net debt | 1,57,89,61,173 | 1,21,45,37,479 |
| Equity | 16,35,00,000 | 16,35,00,000 |
| Equity component of optionally convertible preference shares | 78,97,89,394 | 78,97,89,394 |
| Total capital | 95,32,89,394 | 95,32,89,394 |
| Capital and net debt | 2,53,22,50,567 | 2,16,78,26,873 |
| Gearing ratio | 62% | 56% |

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

- 42 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

43 Income Tax

For the year ended March 31, 2018 and March 31, 2017, the Company has a taxable loss and a book loss and accordingly current tax is Nil. Further, the Company has recognised deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. Accordingly, deferred tax assets (net) as at the balance sheet date is Rs.242,699 as at March 31, 2018 and March 31, 2017.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2018

44 Unrecognised deferred tax assets as at the reporting dates are as given below:-

Amount in Rs.

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|-------------|---------------------|--------------|---------------------|--------------|
| | Gross Amount | Tax | Gross Amount | Tax |
| Tax Losses | 1,59,06,23,462 | 40,95,85,542 | 1,42,02,30,142 | 49,15,13,248 |

Breakup of Tax losses & Unabsorbed depreciation

| Particulars | As at 31 March 2018 | | Expiry Date (Assessment Year) | As at 31 March 2017 | | Expiry Date |
|--|-----------------------|----------------------------|-------------------------------------|-----------------------|----------------------------|-------------|
| | Gross amount | Unrecognised Tax effect | | Gross amount | Unrecognised Tax effect | |
| Brought forward losses (allowed to carry forward for specific period) | 11,00,19,838 | 2,83,30,108 | 2019-20 | 5,51,30,423 | 1,90,79,537 | 2018-19 |
| Brought forward losses (allowed to carry forward for specific period) | 19,23,41,460 | 4,95,27,926 | 2020-21 | 11,00,19,838 | 3,80,75,666 | 2019-20 |
| Brought forward losses (allowed to carry forward for specific period) | 19,29,91,243 | 4,96,95,245 | 2021-22 | 19,23,41,460 | 6,65,65,532 | 2020-21 |
| Brought forward losses (allowed to carry forward for specific period) | 21,22,14,881 | 5,46,45,332 | 2022-23 | 19,29,91,243 | 6,67,90,409 | 2021-22 |
| Brought forward losses (allowed to carry forward for specific period) | 16,68,63,129 | 4,29,67,256 | 2023-24 | 21,22,14,881 | 7,34,43,326 | 2022-23 |
| Brought forward losses (allowed to carry forward for specific period) | 10,22,85,491 | 2,63,38,514 | 2024-25 | 16,68,63,129 | 5,77,47,992 | 2023-24 |
| Brought forward losses (allowed to carry forward for specific period) | 11,33,64,913 | 2,91,91,465 | 2025-26 | 10,22,85,491 | 3,53,98,963 | 2024-25 |
| Brought forward losses (allowed to carry forward for specific period) | 14,17,57,452 | 3,65,02,544 | 2026-27 | 11,33,64,913 | 3,92,33,329 | 2025-26 |
| Unabsorbed depreciation | 35,87,85,055 | 9,23,87,152 | NA | 27,50,18,764 | 9,51,78,494 | NA |
| | <u>1,59,06,23,462</u> | <u>40,95,85,542</u> | | <u>1,42,02,30,142</u> | <u>49,15,13,248</u> | |

45 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.

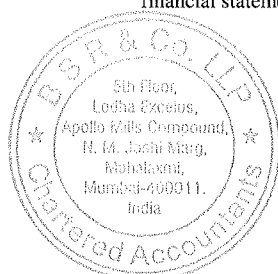
- Ind AS 115 Revenue from Contracts with Customers
- Ind AS 21 The Effect of Changes in Foreign Exchange Rates

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.



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.

Notes 1 to 45

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

Place: Mumbai

Date: May 16, 2018

For and on behalf of the Board of Directors of

Jyothy Fabricare Services Limited



M. P. Ramachandran

Chairman and Managing Director

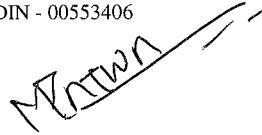
DIN - 00553406



K. Ullas Kamath

Director

DIN - 00506681



Mayank Patwa

Company Secretary

M.No. A42480

Place: Mumbai

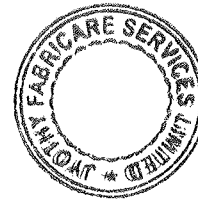
Date: May 16, 2018



Pinkesh Bansal

Chief Financial Officer

M.No. 121387



FORM AOC - 1**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 Rules 5 of
the Companies (Accounts) Rules, 2014)

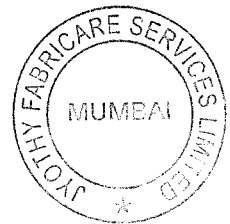
Part "A": Subsidiaries

(₹ in lacs)

| Sr. No | Name of the Subsidiary Company | Snoways Launderers and Drycleaners Pvt. Ltd | Four Seasons Drycleaning Company Pvt. Ltd |
|--------|--|---|---|
| | Date since when subsidiary was acquired | May 8, 2009 | February 17, 2012 |
| | Country | India | India |
| | Financial Year / Period | April 1, 2017 to March 31, 2018 | April 1, 2017 to March 31, 2018 |
| 1 | Capital | 100.00 | 220.70 |
| 2 | Reserves | (13.93) | (483.03) |
| 3 | Total Assets | 128.88 | 9.92 |
| 4 | Total Liabilities | 42.82 | 272.25 |
| 5 | Details of Investment (except investment in subsidiaries) | 0.00 | 0.00 |
| 6 | Turnover (Net) | 0.00 | 167.44 |
| 7 | Profit / (Loss) before taxation | (3.93) | (11.04) |
| 8 | Provision for taxation | 0.00 | 0.00 |
| 9 | Profit / (Loss) after taxation | (3.93) | (11.04) |
| 10 | Proposed / Interim Dividend | - | - |
| 11 | % of shareholding | 49% | 100% |
| | Exchange rate used | - | - |
| | Local Currency | INR | INR |
| | | | |

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)

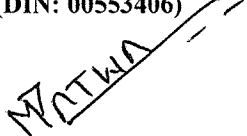
| Name of Joint Venture | JFSL – JLL JV (Partnership firm) |
|--|--|
| 1. Latest audited Balance Sheet Date | March 31, 2018 |
| 2. Date on which the Associate or joint Venture was associated or acquired | November 15, 2011 |
| 3. Shares of Associate/Joint Ventures held by the company on the year end: a) No. b) Amount of Investment in Joint Venture c) Extend of Holding (%) | 75% 406.68 75% |
| 4. Description of how there is significant influence | Control of Business decisions under an Agreement |
| 5. Reason why the joint venture is not consolidated | NA |
| 6. Networth attributable to Shareholding as per latest audited Balance Sheet | NA |
| 7. Profit /Loss for the year | (15.48) |
| i. Considered in Consolidation | (15.48) |
| ii Not Considered in Consolidation | - |

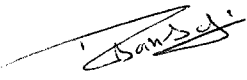
1. None of the associates or joint ventures of the Company are yet to commence operations.
2. None of the associates or joint ventures of the Company have been liquidated or sold during the year.
3. The Company does not have any associate company.

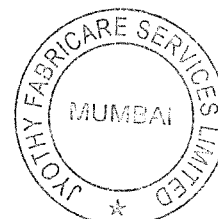
For and on behalf of the Board of Directors of
Jyothy Fabricare Services Limited


M. P. Ramachandran
Chairman and Managing Director
(DIN: 00553406)


K. Ullas Kamath
Director
(DIN: 00506681)


Mayank Patwa
Company Secretary
Membership no.: A42480


Pinkesh Bansal
Chief Financial Officer
Membership no.: 121387



Place: Mumbai
Date: May 16, 2018

FORM AOC - 1**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 Rules 5 of the Companies (Accounts) Rules, 2014)

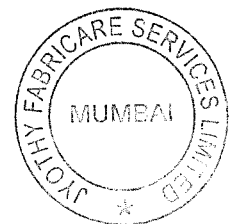
Part "A": Subsidiaries

(₹ in lacs)

| Sr. No | Name of the Subsidiary Company | Snoways Launderers and Drycleaners Pvt. Ltd | Four Seasons Drycleaning Company Pvt. Ltd |
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| | Date since when subsidiary was acquired | May 8, 2009 | February 17, 2012 |
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| 1 | Capital | 100.00 | 220.70 |
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| 4 | Total Liabilities | 42.82 | 272.25 |
| 5 | Details of Investment (except investment in subsidiaries) | 0.00 | 0.00 |
| 6 | Turnover (Net) | 0.00 | 167.44 |
| 7 | Profit / (Loss) before taxation | (3.93) | (11.04) |
| 8 | Provision for taxation | 0.00 | 0.00 |
| 9 | Profit / (Loss) after taxation | (3.93) | (11.04) |
| 10 | Proposed / Interim Dividend | - | - |
| 11 | % of shareholding | 49% | 100% |
| | Exchange rate used | - | - |
| | Local Currency | INR | INR |
| | | | |

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)

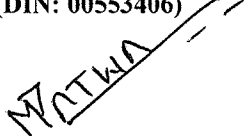
| Name of Joint Venture | JFSL – JLL JV (Partnership firm) |
|--|--|
| 1. Latest audited Balance Sheet Date | March 31, 2018 |
| 2. Date on which the Associate or joint Venture was associated or acquired | November 15, 2011 |
| 3. Shares of Associate/Joint Ventures held by the company on the year end: a) No. b) Amount of Investment in Joint Venture c) Extend of Holding (%) | 75% 406.68 75% |
| 4. Description of how there is significant influence | Control of Business decisions under an Agreement |
| 5. Reason why the joint venture is not consolidated | NA |
| 6. Networth attributable to Shareholding as per latest audited Balance Sheet | NA |
| 7. Profit /Loss for the year | (15.48) |
| i. Considered in Consolidation | (15.48) |
| ii Not Considered in Consolidation | - |

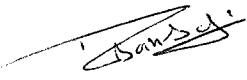
1. None of the associates or joint ventures of the Company are yet to commence operations.
2. None of the associates or joint ventures of the Company have been liquidated or sold during the year.
3. The Company does not have any associate company.

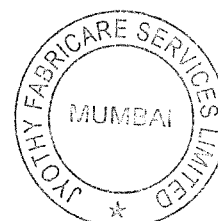
For and on behalf of the Board of Directors of
Jyothy Fabricare Services Limited


M. P. Ramachandran
Chairman and Managing Director
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Place: Mumbai
Date: May 16, 2018