

## INDEPENDENT AUDITOR'S REPORT

To the Members of Jyothy Fabricare Services Limited

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of Jyothy Fabricare Services Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone 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 in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone 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 March 31, 2016, its loss, and its cash flows for the year ended on that date.



**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 of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 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 purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (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 financial statements - Refer Note 31 to the 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.

For SRBC &amp; CO LLP

Chartered Accountants

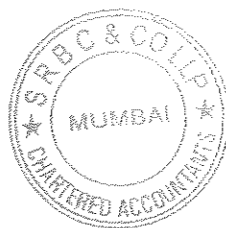
ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta  
Partner

Membership Number: 105938

Place of Signature: Mumbai

Date: May 23, 2016



**Annexure 1 referred to in our report of even date****Re: Jyothy Fabricare Services Limited (the Company)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in Note 11 to the financial statements are held in the name of the Company, except as noted below:-

In respect of the following, the immovable properties are not held in the name of the Company. The same is held in the name of the erstwhile entities which have been merged with the Company.

Total Number of Cases	Nature	Gross block (Rs)	Net Block (Rs)
1	Freehold land and building	1,36,82,230	1,32,27,158
1	Leasehold land	18,65,230	17,46,788

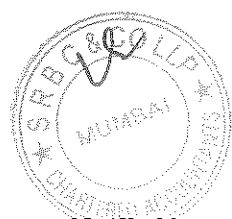
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted loans to a firm covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grants and loans are not prejudicial to the Company's interest.
- (b) The Company has granted loans that are re-payable on demand, to a firm covered in the register maintained under section 189 of the Companies Act, 2013. We are informed that the Company has not demanded repayment of any such loan and interest during the year, and thus, there has been no default on the part of the parties to whom the money has been lent.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a Company in which the Director is interested to which provisions of section 185 of the Companies Act 2013 apply and hence not commented upon.  
In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of loans and advances given and investments made have been complied with by the Company. The Company has not given any guarantees and securities under section 186 of the Companies Act 2013.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services of the Company.



- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities though there has been slight delays in few cases.
- (b) 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, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess that have not been deposited on account of any dispute, are as follows:

Name of the Statue	Nature of Dues	Amount (Rs)	Period to which amount relates	Forum where dispute is pending
Customs Duty	Assessment Dues	5,763	FY 2006-07	Commissioner of Customs (Appeals)
		16,015	FY 2007-08	
		64,181	FY 2008-09	
		25,184	FY 2009-10	

- (viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the Company has not paid / provided any managerial remuneration in the current year under section 197 read with Schedule V to the Companies Act, 2013. Accordingly, the reporting under clause (Xi) is not applicable to the Company and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures



# **S R B C & CO LLP**

Chartered Accountants

Jyothy Fabricare Services Limited

Page 5 of 7 of the Auditors Report for the year ended March 31, 2016

during the year under review. Accordingly, the reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Companies Act 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



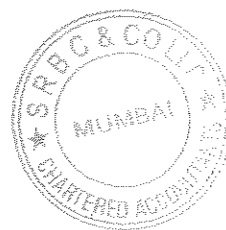
per Vikram Mehta

Partner

Membership Number: 105938

Place: Mumbai

Date: May 23, 2016



Jyothy Fabricare Services Limited

Page 6 of 7 of the Auditors Report for the year ended March 31, 2016

Annexure 2 referred to in our report of even date

Re: Jyothy Fabricare Services Limited ('the Company')

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of Jyothy Fabricare Services Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the standalone 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 over financial reporting 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 the 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**

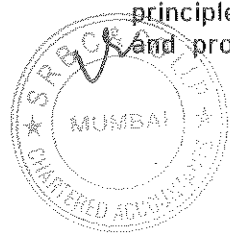
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting 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 over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,



Jyothy Fabricare Services Limited

Page 7 of 7 of the Auditors Report for the year ended March 31, 2016

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 Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C &amp; CO LLP

Chartered Accountants

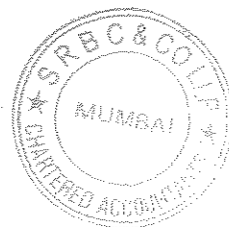
ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta  
Partner

Membership Number: 105938

Place of Signature: Mumbai

Date: May 23, 2016



**JYOTHY FABRICARE SERVICES LIMITED**

Balance Sheet as at March 31, 2016

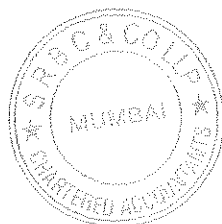
	Note	March 2016	Amount in Rs. March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	3	238,500,000	238,500,000
Reserves and Surplus	4	10,764,016	151,288,358
		<u>249,264,016</u>	<u>389,788,358</u>
<b>Non-Current Liabilities</b>			
Long-term borrowings	5	-	400,000,000
Other long-term liabilities	7	49,849,600	136,182,000
Provisions	8	13,317,248	8,374,594
		<u>63,166,848</u>	<u>544,556,594</u>
<b>Current Liabilities</b>			
Trade payables	9		
Total outstanding dues of micro enterprises and small enterprises		398,677	989,917
Total outstanding dues of creditors other than micro enterprises and small enterprises		33,866,454	25,668,081
Other current liabilities	10	492,227,603	13,263,256
Provisions	8	9,366,711	9,863,828
		<u>535,859,445</u>	<u>49,785,082</u>
<b>Total</b>		<u><b>848,290,309</b></u>	<u><b>984,130,034</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	11		
(i) Tangible assets		402,443,269	349,328,878
(ii) Intangible assets		17,409,321	18,720,052
(iii) Capital work-in-progress		-	105,528,414
Non-current investments	12	45,216,771	43,656,546
Deferred Tax Assets (Net)	6	-	-
Loans and advances	13	85,731,883	84,205,937
Other assets	18	793,977	2,854,192
		<u>551,595,221</u>	<u>604,294,019</u>
<b>Current assets</b>			
Current investments	14	171,972,707	275,164,216
Inventories	15	5,953,142	6,622,254
Trade receivables	16	42,955,628	35,218,860
Cash and Bank balances	17	18,784,374	17,327,017
Loans and advances	13	30,341,686	24,799,953
Other assets	18	26,687,551	20,703,715
		<u>296,695,088</u>	<u>379,836,015</u>
<b>Total</b>		<u><b>848,290,309</b></u>	<u><b>984,130,034</b></u>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003

per Vikram Mehta  
Partner  
Membership No.: 105938  
Place: Mumbai  
Date: 23rd May, 2016



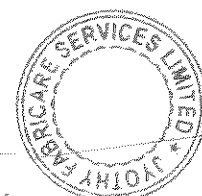
For and on behalf of the Board of Directors of  
Jyothy Fabricare Services Limited

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

Gaurav Munoli  
Company Secretary  
M.No. A24931  
Place: Mumbai  
Date: 23rd May, 2016

K. Ullas Kamath  
Director  
DIN - 00506681

Pinkesh Bansal  
Chief Financial Officer  
M.No. 121387




**JYOTHY FABRICARE SERVICES LIMITED**  
Statement of Profit and Loss for the Year Ended March 31, 2016

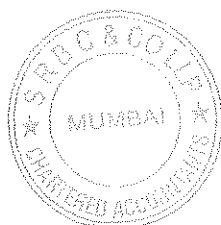
			Amount in Rs.
	Note	March 2016	March 2015
<b>Income</b>			
Revenue from operations	19	338,663,174	322,927,875
Other Income	20.1	11,341,396	2,787,262
<b>Total Revenue ( I )</b>		<b>350,004,570</b>	<b>325,715,137</b>
<b>Expenses</b>			
Cost of services	21	44,646,052	38,569,231
Employee benefit expense	22	187,362,084	171,817,118
Other expenses	23	203,054,094	216,801,371
Share in (profit)/ loss of partnership firm		2,189,776	(8,150,481)
<b>Total Expenses ( II )</b>		<b>437,252,006</b>	<b>419,037,239</b>
<b>Earning before interest, tax, depreciation and amortization (EBIDTA) ( I ) - ( II )</b>		<b>(87,247,436)</b>	<b>(93,322,102)</b>
Depreciation and amortization expense	11	61,753,295	45,582,734
Interest Income	20.2	8,476,389	7,310,939
Finance costs	24	-	75,061,955
<b>Loss before tax</b>		<b>(140,524,342)</b>	<b>(206,655,852)</b>
<b>Tax expense</b>			
- Current tax		-	-
- Deferred tax		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Loss after tax</b>		<b>(140,524,342)</b>	<b>(206,655,852)</b>
<b>Earnings per share</b>	33		
Basic & Diluted (Rs.)		(10.77)	(15.84)
Nominal Value per share (Rs.)		10.00	10.00
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements


As per our report of even date


For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003


  
per Vikram Mehta  
Partner  
Membership No.: 105938  
Place: Mumbai  
Date: 23rd May, 2016




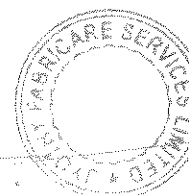
For and on behalf of the Board of Directors of  
Jyothy Fabricare Services Limited

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

  
Gaurav Munoli  
Company Secretary  
M.No. A24931  
Place: Mumbai  
Date: 23rd May, 2016

  
K. Ullas Kamath  
Director  
DIN - 00506681

  
Pinkesh Bansal  
Chief Financial Officer  
M.No. 121387



**JYOTHY FABRICARE SERVICES LIMITED**  
**Statement of Cash Flow Statement for the Year Ended March 31, 2016**

Amount in Rs.  
2014-15

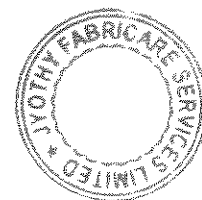
2015-16

**A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:**

Loss before Tax	(140,524,342)	(206,655,852)
<b>Adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation	61,753,295	45,582,734
Interest income	(8,476,389)	(7,310,939)
Finance cost	-	75,061,955
Profit on sale of current investments	(10,538,108)	(2,394,958)
Share of (profit)/ loss from investment in partnership firm	2,189,776	(8,150,481)
Loss on sale of fixed assets	219,172	833,171
Fixed Assets Discarded	1,401,184	2,418,519
Provision for doubtful debts & Advances	1,352,121	5,711,827
Bad debts / Advances written off	467,485	695,587
<b>Operating loss before working capital changes</b>	<b>(92,155,806)</b>	<b>(94,208,437)</b>
<b>Movements in working capital:-</b>		
(Increase) /Decrease in working capital		
Decrease / (Increase) in Inventories	669,111	5,196,571
Decrease / (Increase) in Trade receivables	(9,556,373)	4,341,348
Decrease / (Increase) in Loans and advances and other assets	(4,567,630)	(5,292,894)
Increase / (Decrease) in current liabilities & Provisions	11,957,004	(6,858,762)
<b>Cash used in operations</b>	<b>(93,653,694)</b>	<b>(96,822,174)</b>
Taxes paid	(3,978,453)	(3,492,533)
<b>Net cash used in operating activities (A)</b>	<b>(97,632,147)</b>	<b>(100,314,707)</b>

**B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:**

Purchase of fixed assets including capital work-in-progress and capital advances	(14,481,031)	(105,212,931)
Proceeds from sale of fixed assets	41,994	538,003
(Investment in)/withdrawal of Capital from Partnership firm	(3,750,000)	12,900,000
Interest received	3,548,924	2,889,319
Profit on sale of current investments	10,538,108	2,394,958
<b>Net cash used in investing activities (B)</b>	<b>(4,102,005)</b>	<b>(86,490,651)</b>



**JYOTHY FABRICARE SERVICES LIMITED**  
Statement of Cash Flow Statement for the Year Ended March 31, 2016

	2015-16	Amount in Rs. 2014-15
<b><u>C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:</u></b>		
Proceeds from unsecured loan	-	478,489,513
Repayment of secured and unsecured loan	-	(1,462,700,811)
Proceeds from issue of Preference share capital at premium	-	1,500,000,000
Share issue expenses	-	(1,500,000)
Finance cost paid	-	(75,396,664)
<b>Net cash generated from financing activities (C)</b>	-	<b>438,892,038</b>
 Net increase/ (decrease) in cash and cash equivalents (A+B+C)	 (101,734,152)	 252,086,680
Cash and cash equivalents at the beginning of the year	292,491,233	40,404,553
<b>Cash and cash equivalents at the end of the year</b>	<b>190,757,081</b>	<b>292,491,233</b>
 <b>Components of cash and cash equivalents</b>		
Cash in hand	2,277,497	2,385,421
Balance with scheduled Banks - Current account	16,506,877	14,941,596
Cash and Bank balance as per Note 17	18,784,374	17,327,017
Add : Mutual Fund Investments	171,972,707	275,164,216
<b>Cash and cash equivalents considered for cash flow statement</b>	<b>190,757,081</b>	<b>292,491,233</b>

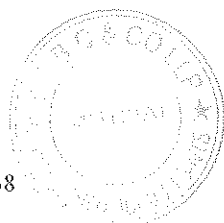
Summary of significant accounting policies

Note 2.1

As per our report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003

per Vikram Mehta  
Partner  
Membership No.: 105938



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

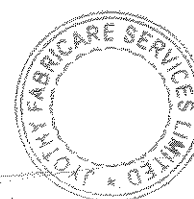
M. P. Ramachandran  
Chairman and Managing Director  
DIN - 00553406

Gaurav Munoli  
Company Secretary  
M.No. A24931

Place: Mumbai  
Date: 23rd May, 2016

K. Ullas Kamath  
Director  
DIN - 00506681

Pinkesh Bansal  
Chief Financial Officer  
M.No. 121387



Place: Mumbai  
Date: 23rd May, 2016

**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.

**2 Basis of preparation**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India ('Indian GAAP'). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**2.1 Summary of significant accounting policies**

The significant accounting policies are as follows:-

**a) Use of estimates**

The preparation of financial statements, in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**b) Tangible fixed assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Following initial recognition, tangible assets are carried at cost less accumulated depreciation and impairment losses, if any.

Gains or lossess arising from derecognition of fixed assets 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 and loss when the asset is derecognised.

**c) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.

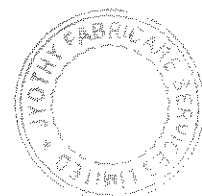
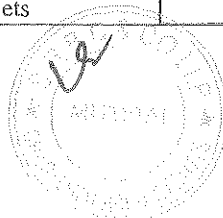
Gains or lossess arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

**d) Depreciation and Amortisation**

Depreciation on fixed assets is calculated on straight line basis using the rates arrived at based on useful lives estimated by the management. Intangible assets are amortised on straight line basis on the estimated useful economic life.

The estimated useful life of the assets is 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
Trade mark	9-10
Leasehold Improvements - Outlets	3



Asset costing less than Rs 5,000 are depreciated at the rate of 100%.

Computer Software is amortized using the straight line method over a period of 5 years. Goodwill purchased is tested for impairment purposes every year.

Lease hold land is amortised over the period of the lease on a straight line basis which is 79 years.

The amortization/depreciation period and the amortization/depreciation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization/depreciation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization/depreciation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 *Net Profit or Loss for the period, prior Period Items and Changes in accounting Policies*.

**e) Operating Leases**

*Where the company is 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.

**f) Borrowing Costs**

Borrowing costs consist of interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. 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 capitalized as part of the respective asset. All other borrowing costs are expensed in the period they occur.

**g) Impairment**

- 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 exceed 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.

**h) Investments**

Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties and other costs that arise on acquisition of investment. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.



**i) Inventories**

Inventories of raw materials, packing materials, stores and spares and fuel are valued at cost or net realizable value, whichever is lower. Cost is ascertained on First-in-First out ('FIFO') basis and includes all applicable costs incurred in bringing goods to their present location and condition.

Operating supplies are items in circulation which are originally recognised at FIFO and then written off over their estimated period of usage.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

**j) 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:*

Service revenue is recognised on completion of services and where no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service. Service revenue are net of service tax.

*Interest:*

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of profit and loss.

**k) Foreign currency translation**

**(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**(iii) Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**l) Retirement and other employee benefits**

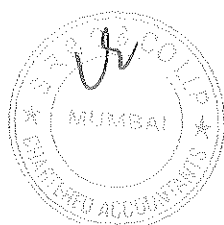
(i) Retirement benefits in the form of Provident Fund is defined contribution scheme. The Company has no obligation, other than the contribution payable to the fund. The Company recognizes contribution payable to the provident fund as an expenditure, when an employee render the related service.

(ii) Gratuity liability is defined benefit obligation and the cost of providing this benefit is determined on the basis of an actuarial valuation at each year-end. The actuarial valuation is done as per projected unit credit method.

(iii) Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

(iv) The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

(v) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.



**m) Income-tax**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

**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.

**r) Measurement of EBITDA**

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Company does not include depreciation and amortization expense, finance costs, interest income and tax expense.



**Jyothy Fabricare Services Limited**
**Notes to financial Statements for the Year Ended March 31, 2016**
**Note 3 - Share Capital**

	March 2016	Amount in Rs. March 2015
<b>Authorised Shares</b>		
17,250,000 (Previous year : 17,250,000) Equity shares of face value Rs.10/- each	172,500,000	172,500,000
3,300,000 (Previous year : 3,300,000) Series A Compulsorily Convertible Preference Share of face value of Rs.10/- each	33,000,000	33,000,000
10,000,000 (Previous Year : 10,000,000) 2% Optionally Convertible Non - Cumulative Preference Share of face Value Rs.10/- each	100,000,000	100,000,000
	<b>305,500,000</b>	<b>305,500,000</b>
<b>Issued, Subscribed And Paid Up Shares</b>		
13,050,000 (Previous year : 13,050,000) Equity shares of face value of Rs.10/- each	130,500,000	130,500,000
3,300,000 (Previous Year : 3,300,000) Series A Compulsorily Convertible Preference Share of face Value Rs.10/- each	33,000,000	33,000,000
75,00,000 (Previous Year : 75,00,000) 2% Optionally Convertible Non - Cumulative Preference Share of face Value Rs.10/- each	75,000,000	75,000,000
	<b>238,500,000</b>	<b>238,500,000</b>

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

	March 2016		March 2015	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
<b>Equity Shares</b>				
At the beginning of the Period	13,050,000	130,500,000	13,050,000	130,500,000
Outstanding at the end of the Period	<b>13,050,000</b>	<b>130,500,000</b>	<b>13,050,000</b>	<b>130,500,000</b>

	March 2016		March 2015	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
<b>Series A Compulsorily Convertible Preference Share</b>				
At the beginning of the Period	3,300,000	33,000,000	3,300,000	33,000,000
Outstanding at the end of the Period	<b>3,300,000</b>	<b>33,000,000</b>	<b>3,300,000</b>	<b>33,000,000</b>

	March 2016		March 2015	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
<b>2% Optionally Convertible Non - Cumulative Preference Share</b>				
At the beginning of the Period	7,500,000	75,000,000	-	-
Issue of Preference Share	-	-	7,500,000	75,000,000
Outstanding at the end of the Period	<b>7,500,000</b>	<b>75,000,000</b>	<b>7,500,000</b>	<b>75,000,000</b>

**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**

i) 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 after the expiry of seven years from the allotment date i.e June 18, 2011.

ii) During the previous year, the Company has issued 7,500,000, 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 into one equity share of face value of Rs.10 each of the Company.

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

	March 2016	March 2015
<b>Jyothy Laboratories Limited, the holding Company</b>		
9,800,000 (Previous year : 9,800,000) Equity shares of Rs.10/- each fully paid	98,000,000	98,000,000
3,300,000 (Previous year : 3,300,000) Series A Compulsorily Convertible Preference Share of face Value Rs.10/- each fully paid	33,000,000	33,000,000
7,500,000 (Previous Year : 7,500,000) 2% Optionally Convertible Non - Cumulative Preference Share of face Value Rs.10/- each	75,000,000	75,000,000



**Jyothy Fabricare Services Limited**
**Notes to financial Statements for the Year Ended March 31, 2016**
**c. Details of shareholders holding more than 5% shares in the Company**

	March 2016		March 2015	
	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	9,800,000	75.10%	9,800,000	75.10%
Mr. Ullas Kamath	3,240,000	24.83%	3,240,000	24.83%
<u>Series A Compulsorily Convertible Preference Share</u>				
Jyothy Laboratories Limited, the holding Company	3,300,000	100%	3,300,000	100%
<u>2% Optionally Convertible Non - Cumulative Preference Share</u>				
Jyothy Laboratories Limited, the holding Company	7,500,000	100%	7,500,000	100%

**Note 4 - Reserves And Surplus**
**Securities Premium Account**

	March 2016	March 2015
Balance as per last financial statements	1,766,879,649	479,561,649
Add : Premium on issue of Preference shares	-	1,425,000,000
Less : Premium payable on redemption of non convertible debentures*	-	(136,182,000)
Less : Preference Share issue expenses	-	(1,500,000)
<b>Balance as at the end of the year</b>	<b>1,766,879,649</b>	<b>1,766,879,649</b>

**General Reserve**

	March 2016	March 2015
Balance as per last financial statements	2,850,000	2,850,000
<b>Balance as at the end of the year</b>	<b>2,850,000</b>	<b>2,850,000</b>

**Amalgamation reserve account**

	March 2016	March 2015
Balance as per last financial statements	(261,757,208)	(261,757,208)
<b>Balance as at the end of the year</b>	<b>(261,757,208)</b>	<b>(261,757,208)</b>

**Deficit in the statement of profit and loss**

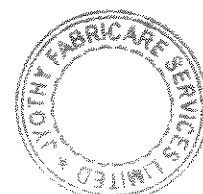
	March 2016	March 2015
Balance as per last financial statements	(1,356,684,083)	(1,145,508,717)
Depreciation as per Schedule II of Companies Act, 2013*	-	(4,519,514)
Add: Loss for the year	(140,524,342)	(206,655,852)
<b>Net Deficit in the statement of profit and loss</b>	<b>(1,497,208,425)</b>	<b>(1,356,684,083)</b>
	<b>10,764,016</b>	<b>151,288,358</b>

\* The Company had not recognised deferred tax assets on same in absence of virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

**Note 5 - Long-term borrowings**

	Non -Current		Current	
	March 2016	March 2015	March 2016	March 2015
400 (Previous year : 400) Rated, Unlisted, Redeemable, Non -Convertible Debentures of Rs.1,000,000 (Previous year: Rs.1,000,000) each	-	400,000,000	400,000,000	-
	-	<b>400,000,000</b>	<b>400,000,000</b>	-
<b>The above amount includes</b>				
Unsecured Borrowing	-	400,000,000	400,000,000	-
Amount disclosed under the head "other current liabilities"(Refer Note - 10)	-	-	(400,000,000)	-
	-	<b>400,000,000</b>	-	-

Debenture are redeemable at premium of Rs.340,455 per debenture after three years from the date of allotment i.e. January 12, 2015. The debenture Holders have a put option at the end of two years from the date of allotment i.e. January 12, 2015. Accordingly, the debenture have been classified as current in the current year.



**Jyothy Fabricare Services Limited**
**Notes to financials Statements for the Year Ended March 31, 2016**
**Note 6 - Deferred Tax Assets (Net)**

	March 2016	March 2015
a) Deferred tax liability		
Depreciation	9,054,566	13,923,615
(A)	9,054,566	13,923,615
b) Deferred Tax Assets		
Provision for Gratuity	4,531,103	2,910,500
Provision for Bonus	1,679,003	657,521
Provision for Leave Encashment	2,478,240	2,725,172
Provision for doubtful debts and Advances	1,417,542	6,456,012
On carry forward loss and unabsorbed depreciation (only to the extent of deferred tax liability)	-	1,174,410
(B)	10,105,889	13,923,615
(A-B)	(1,051,323)	-

The Company has not recognised deferred tax assets in absence of virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

**Note 7 - Other long-term liabilities**

	March 2016	March 2015
Premium payable on redemption of Debentures	136,182,000	136,182,000
Less : Amount Disclosed under Other current Liabilities (Note 10)	(86,332,400)	-
	49,849,600	136,182,000

**Note 8 - Provisions**

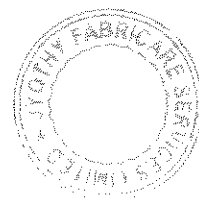
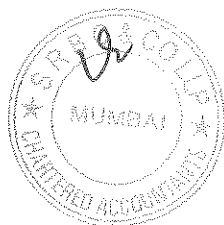
	Non - Current		Current	
	March 2016	March 2015	March 2016	March 2015
Provision for Leave Encashment	-	-	8,020,195	8,819,327
Provision for Gratuity [Refer Note - 25 (i)]	13,317,248	8,374,594	1,346,516	1,044,501
	13,317,248	8,374,594	9,366,711	9,863,828

**Note 9 - Trade payables**

	March 2016	March 2015
Total outstanding dues of micro enterprises and small enterprises (Refer Note 32)	398,677	989,917
Total outstanding dues of creditors other than micro enterprises and small enterprises		
-Other Trade Payables	18,546,327	15,536,781
-Accrual for Expenses	15,320,127	10,131,300
	34,265,131	26,657,998

**Note 10 - Other current liabilities**

	March 2016	March 2015
Current maturities of long term borrowing (Refer Note 5)	400,000,000	-
Statutory dues	3,240,946	3,260,285
Creditors for capital goods	2,257,505	9,529,896
Current maturities of Premium payable on redemption of Debentures (Refer Note 7)	86,332,400	-
Security deposit	396,752	473,075
	492,227,603	13,263,256



**Jyothy Fabricare Services Limited**  
**Notes to financials Statements for the Year Ended March 31, 2016**  
**Note 11 - Fixed Assets**

Amount in Rs.

Particulars	Gross Block			Depreciation / Amortisation			Net Block	
	As at April 01, 2015	Additions	Deletions	As at April 01, 2015	For the year	Deletions	As at 31 March, 2016	As at March 31, 2015
<b>Intangible Assets</b>								
Goodwill	13,816,434	-	-	-	-	-	13,816,434	13,816,434
	13,816,434	-	-	-	-	-	-	-
Software and Licences	15,008,289	545,656	-	12,128,031	1,442,457	-	1,983,457	2,880,258
	16,162,208	1,485,026	2,638,945	12,324,150	2,441,320	2,637,439	-	12,128,031
Trade marks and Copyrights \$	3,763,000	-	-	1,739,640	413,930	-	1,609,430	2,023,360
	3,763,000	-	-	1,325,710	413,930	-	-	1,739,640
<b>Total</b>	<b>32,587,723</b>	<b>545,656</b>	<b>-</b>	<b>13,867,671</b>	<b>1,856,387</b>	<b>-</b>	<b>17,409,321</b>	<b>18,720,052</b>
Previous Year	33,741,642	1,485,026	2,638,945	13,649,860	2,855,250	2,637,439	13,867,671	
<b>Tangible Assets</b>								
Building @	156,676,714	39,689,261	236,723	31,474,253	6,387,749	236,723	158,503,973	125,202,461
	156,676,714	-	-	26,187,880	5,286,373	-	-	31,474,253
Freehold Land @	53,785,319	-	-	-	-	-	53,785,319	53,785,319
	53,785,319	-	-	-	-	-	-	-
Leasehold land	1,865,230	-	-	94,792	23,688	-	1,746,750	1,770,438
	1,865,230	-	-	71,104	23,688	-	-	94,792
Plant and machinery	237,590,209	68,370,955	34,357,571	99,732,687	41,571,050	34,097,317	164,397,173	137,857,522
	244,086,054	3,536,627	10,032,472	86,636,479	19,785,271	6,689,063	-	99,732,687
Furniture and fixture	16,233,802	2,680,812	157,229	8,102,348	2,086,633	108,615	8,677,019	8,131,454
	16,730,212	46,863	543,273	6,383,101	2,114,917	395,670	-	8,102,348
Leasehold Improvements	41,631,228	109,252	9,505,537	29,828,151	4,864,510	8,255,786	5,798,068	11,803,077
	53,154,083	11,062,114	22,584,969	46,316,779	6,096,325	22,584,953	-	26,436,875
Office equipments	22,490,685	3,823,368	2,920,531	18,336,593	2,576,037	2,816,801	5,297,693	4,154,092
	27,268,213	1,922,288	6,699,816	18,096,494	6,881,874	6,641,775	-	18,336,593
Vehicle	16,994,492	-	-	10,369,977	2,387,241	-	4,237,274	6,624,515
	18,863,371	485,000	2,353,879	9,945,703	2,539,036	2,114,762	-	10,369,977
<b>Total</b>	<b>547,267,679</b>	<b>114,673,648</b>	<b>47,177,591</b>	<b>197,938,801</b>	<b>59,896,908</b>	<b>45,515,242</b>	<b>402,443,269</b>	<b>349,328,878</b>
Previous Year	572,429,196	17,052,892	42,214,409	193,637,540	42,727,484	38,426,223	197,938,801	
<b>Grand Total</b>	<b>579,855,402</b>	<b>115,219,304</b>	<b>47,177,591</b>	<b>211,806,472</b>	<b>61,753,295</b>	<b>45,515,242</b>	<b>419,852,590</b>	<b>368,048,930</b>
Previous Year	606,170,838	18,537,918	44,853,354	207,287,400	45,582,734	41,063,662	211,806,472	

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

Depreciation of Plant & Machinery includes Rs.21,632,847 of accelerated depreciation charged on assets at the Noida plant on account of closure of the unit.

@ Freehold Land & Building includes assets which are not transferred in the name of the Company amounting to Rs.15,547,460 (Gross Block) (2015 - Rs.15,547,460). These are held in the name of entities which have been merged with the Company in earlier years.

Figures in italics represent previous year figures.

**Jyothy Fabricare Services Limited**
**Notes to financials Statements for the Year Ended March 31, 2016**
**Note 12 - Non-current investments (value at cost unless stated otherwise)**

	March 2016	March 2015
<b>Trade investment (Unquoted)</b>		
<u>Investment in subsidiary companies</u>		
490,000 (Previous year: 490,000) equity shares of Rs.10 each fully paid-up in Snoways Launderers & Drycleaners Private Limited	9,636,270	9,636,270
22,07,000 (Previous Year : 22,07,000) equity shares of Rs.10 each fully paid-up in Four Seasons Drycleaning Company Private Limited	10,155,480	10,155,480
<u>Investments in Partnership Firm</u>		
M/s JFSL - JLL (Refer Note 34)	25,425,021	23,864,796
	<b>45,216,771</b>	<b>43,656,546</b>

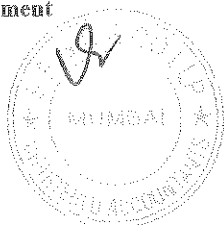
**Note 13 - Loans and advances**
**(Unsecured, considered good unless stated otherwise)**

	Non -Current		Current	
	March 2016	March 2015	March 2016	March 2015
Loans /Advances to Subsidiaries	23,676,326	21,256,570	676,665	615,558
Deposits	28,175,992	34,716,162	21,815,390	16,177,794
Less: Provision for doubtful deposits	-	1,810,782	-	-
	28,175,992	32,905,380	21,815,390	16,177,794
Advance to suppliers	-	-	2,294,002	2,514,662
Less: Provision for doubtful advances	-	-	1,442,789	1,567,789
	-	-	851,213	946,873
Prepaid Expenses	447,879	98,603	793,874	829,299
Advance tax [Net of Provision of Rs.Nil, (P.Y Rs. Nil)]	18,880,236	14,901,783	-	-
Capital advances	3,322,456	5,804,705	-	-
Less: Provision for doubtful advances	-	2,001,235	-	-
	3,322,456	3,803,470	-	-
Balances with Government authorities	25,000	25,000	5,106,182	6,141,639
Others #	11,728,994	11,740,131	1,098,362	88,790
Less: Provision for doubtful advances	525,000	525,000	-	-
	11,203,994	11,215,131	1,098,362	88,790
	<b>85,731,883</b>	<b>84,205,937</b>	<b>30,341,686</b>	<b>24,799,953</b>

# Includes advance given to Suresh Babu Balasu amounting to Rs.10,200,000 (Previous year: 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 Launderers & DryCleaners Private Limited (the subsidiary company).

**Note 14 - Current Investment ( Quoted Cost or Fair value whichever is lower)**

	March 2016	March 2015
Axis Treasury Advantage Fund - Direct Growth	-	2,196,945
Nil (Previous Year : 1,465.71) units of Rs.Nil (Previous Year :1,498.89) each		
Religare Invesco Credit Opportunities Fund - Growth(CO-IG)	-	72,967,271
Nil (Previous Year :46,678.22) units of Rs.Nil (Previous Year : 1,563.19) each		
Kotak Low Duration Fund Std Growth-Regular	71,972,707	-
41,470.11 (Previous Year :NIL) units of Rs.1,735.53 (Previous Year : NIL) each		
TSTG Tata Short Term Bond Fund Plan A - Growth	50,000,000	50,000,000
1,953,407.32 (Previous Year : 1,953,407.32) units of Rs.25.59 (Previous Year : 25.59) each		
HDFC High Interest Fund - Dynamic Plan - Growth	50,000,000	50,000,000
1,037,150.73 (Previous Year : 1,037,150.73) units of Rs.48.20 (Previous Year : 48.20) each		
Franklin India Low Duration Fund - Growth	-	100,000,000
Nil (Previous Year : 6,645,622.19) units of Rs.Nil (Previous Year :15.04) each		
	<b>171,972,707</b>	<b>275,164,216</b>
<b>Market value of quoted investment</b>	<b>183,435,985</b>	<b>279,725,294</b>



**Jyothy Fabricare Services Limited**
**Notes to financial Statements for the Year Ended March 31, 2016**
**Note 15 - Inventories (valued at lower of cost or net realisable value)**

	March 2016	March 2015
Raw and packing materials	3,876,941	3,680,199
Fuel	402,961	499,968
Stores & Spares	1,673,240	2,442,087
	<b>5,953,142</b>	<b>6,622,254</b>

**Note 16 - Trade Receivables (Unsecured)**

	March 2016	March 2015
a) Outstanding for a period exceeding six months from the date they are due for payment.		
- Considered good	8,980,776	8,980,776
- Doubtful	2,619,727	14,988,436
- Less : Provision for doubtful debts	(2,619,727)	(14,988,436)
	<b>8,980,776</b>	<b>8,980,776</b>
b) Other receivables, considered good	33,974,852	26,238,084
	<b>42,955,628</b>	<b>35,218,860</b>

**Note 17 - Cash and bank balances**

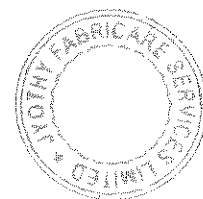
	Non-Current		Current	
	March 2016	March 2015	March 2016	March 2015
<b>Cash and Cash equivalent</b>				
Cash in hand	-	-	2,277,497	2,385,421
On Current accounts	-	-	16,506,877	14,941,596
<b>Other bank balances</b>				
Fixed deposits with Banks having original maturity of more than 3 months but less than 12 months	-	-	122,844	5,446,883
Less Amount disclosed under other assets (Refer Note -18)	-	-	(122,844)	(5,446,883)
Fixed deposits with Banks having original maturity of more than 12 months	793,977	2,854,192	26,564,707	15,256,832
Less Amount disclosed under other assets (Refer Note -18)	(793,977)	(2,854,192)	(26,564,707)	(15,256,832)
	<b>-</b>	<b>-</b>	<b>18,784,374</b>	<b>17,327,017</b>

**Note 18 - Other Assets**

(Unsecured, considered good)

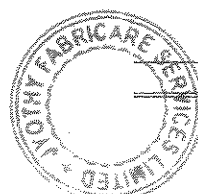
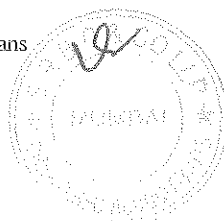
	Non-Current		Current	
	March 2016	March 2015	March 2016	March 2015
Fixed deposits with Banks having original maturity of more than 12 months* (Refer Note - 17)	793,977	2,854,192	26,564,707	15,256,832
Fixed deposits with Banks having original maturity of more than 3 months but less than 12 months*	-	-	122,844	5,446,883
	<b>793,977</b>	<b>2,854,192</b>	<b>26,687,551</b>	<b>20,703,715</b>

\*Includes restricted deposits of Rs.20,246,648 (Previous Year Rs.21,701,498/- 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.



**Jyothy Fabricare Services Limited**
**Notes to financials Statements for the Year Ended March 31, 2016**

	March 2016	March, 2015
<b>Note 19 - Revenue From Operations</b>		
Sale of Services (Laundry Services)	338,663,174	322,927,875
	<u>338,663,174</u>	<u>322,927,875</u>
<b>Note 20.1 - Other Income</b>		
Foreign exchange fluctuation (Net)	-	329,548
Profit on sale of investment	10,538,108	2,394,958
Miscellaneous income	803,288	62,756
	<u>11,341,396</u>	<u>2,787,262</u>
<b>Note 20.2 - Interest Income</b>		
Interest on fixed deposits	2,446,596	2,252,551
Interest on loans to subsidiaries	2,756,521	2,666,678
Interest on partner's capital in M/s JFSL- JLL (JV)	3,273,272	2,391,710
	<u>8,476,389</u>	<u>7,310,939</u>
<b>Note 21 - Cost of services</b>		
Opening stock	3,680,197	4,446,905
Add: Cost of purchases	34,943,435	32,369,713
	<u>38,623,632</u>	<u>36,816,618</u>
Less: Closing stock	3,876,940	3,680,197
Material consumed (A)	<u>34,746,692</u>	<u>33,136,421</u>
Subcontracting charges (B)	9,899,360	5,432,810
	<u>9,899,360</u>	<u>5,432,810</u>
<b>Total (A+B)</b>	<u>44,646,052</u>	<u>38,569,231</u>
<b>Note 22 - Employee benefit expense</b>		
Salaries and wages	161,922,698	152,691,343
Contribution to Provident and other funds [ Note - 25 (ii)]	11,527,749	12,211,079
Gratuity [ Note - 25 (i)]	7,450,509	1,171,816
Staff welfare expenses	6,461,128	5,742,880
	<u>187,362,084</u>	<u>171,817,118</u>
<b>Note 23 - Other Expenses</b>		
Power and fuel consumed	56,107,323	61,733,813
Rent	66,890,966	61,054,154
Repairs and maintenance		
-Building	5,700,860	9,050,662
-Plant & Machinery	7,779,620	6,747,328
-Others	739,801	1,025,246
Printing and stationery	1,264,381	1,566,885
Legal and professional fees	2,841,222	2,658,800
Rates and taxes	3,209,174	3,420,860
Advertisement and publicity	4,623,439	5,839,152
Travelling expenses	4,458,276	4,734,730
Vehicle expenses	13,155,529	19,491,523
Security charges	4,772,832	3,955,813
Water charges	6,520,219	6,205,225
Telephone, mobile, fax expenses	4,636,777	5,746,620
Office maintenance	3,153,736	2,810,090
Clothes/ Laundry damage charges	1,190,564	1,032,079
Loss on sales of fixed assets	219,172	833,171
Fixed assets discarded	1,401,184	2,418,519
Freight & handling charges	1,783,902	1,819,457
Brokerage & Commission	-	819,000
Concession fee	3,566,893	-
Audit Fees (Refer Note 28 B)	1,828,218	1,495,067
Provision for doubtful debts and advances	1,352,121	5,711,827
Bad debt / Advance written off	467,485	695,587
Miscellaneous expenses	5,390,400	5,935,763
	<u>203,054,094</u>	<u>216,801,371</u>
<b>Note 24 - Finance Costs</b>		
Interest on loan from holding company	-	71,086,027
Interest on Term loans & working capital loans	-	2,157,727
Other Borrowing cost	-	1,818,201
	-	<u>75,061,955</u>



Note 25 - Employee Benefit

(i) Defined Benefit Plans

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 partly funded with Life Insurance Corporation of India.

The following tables summarise 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.

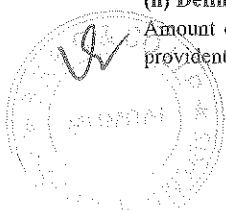
		Amount in Rs.	
		2015-16	2014-15
		Gratuity Funded	Gratuity Funded
(A)	Summary of the Actuarial Assumptions		
	Mortality	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
	Discount rate	7.80%	8.00%
	Rate of increase in compensation	8.00%	8.00%
	Withdrawal rates	10% p.a	10% to 2% p.a
	Rate of return (expected) on plan assets	8.00%	9.00%
	The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
	The overall expected rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.		
(B)	Changes in present value of obligations (PVO)		
	PVO at beginning of period	10,112,631	10,526,080
	Interest cost	837,383	842,086
	Current Service Cost	2,606,458	2,413,113
	Benefits Paid	(2,205,840)	(1,337,596)
	Actuarial (gain) / loss on obligation	4,067,239	(2,331,052)
	PVO at end of period	15,417,871	10,112,631
(C)	Changes in the value of plan asset		
	Fair value of plan assets at the beginning of the period	693,536	941,205
	Expected return on plan asset	82,248	84,708
	Benefits paid	-	(332,377)
	Actuarial gain / (loss) on plan asset	(21,677)	-
	Fair value of plan assets at the end of the period	754,107	693,536
(D)	Net Assets/(Liabilities) recognised in the balance sheet		
	PVO at end of period	(15,417,871)	(10,112,631)
	Fair value of plan assets at end of period	754,107	693,536
	Net assets / (Liability) recognised in the balance sheet	(14,663,764)	(9,419,095)
(E)	Expenses recognised in the statement of profit and loss		
	Current service cost	2,606,458	2,413,113
	Interest cost	837,383	842,086
	Expected return on plan assets	(82,248)	(84,708)
	Gratuity borne by the company	-	332,377
	Net Actuarial (Gain)/Loss recognised in the year	4,088,916	(2,331,052)
	Expense recognised in the statement of profit and loss	7,450,509	1,171,816
(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%

(G) Amount for the current and previous four periods are as follows:-

	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Defined benefit obligation	15,417,871	10,112,631	10,526,080	9,364,094	2,327,362
Plan assets	754,107	693,536	941,205	1,059,139	-
Surplus/(Deficit)	(14,663,764)	(9,419,095)	(9,584,875)	(8,304,955)	(2,327,362)
Experience adjustment on plan liabilities - gain/(loss)	(4,067,239)	2,331,052	2,124,281	129,200	397,700
Experience adjustment on plan assets - gain/(loss)	(21,677)	(9,412)	(35,679)	(9,717)	N.A.

(ii) Defined Contribution Plans

Amount of Rs.11,527,749 (Previous year - Rs.12,211,079) is recognised as an expense and included in Note 22 - "Contribution to provident and other funds" in the Statement of Profit and Loss.



**Jyothy Fabricare Services Limited**

Notes to financials Statements for the Year Ended March 31, 2016

**Note 26 - Segement Reporting**

The company's sole business segment is Dry cleaning & Laundry Services and all the activities of the company are incidental to this sole business segment. Accordingly, no disclosures are required on the primary reportable segment.

The Company provide its services in India only and accordingly no disclosures are required on the secondary reportable segment. All assets are also located in India.

**Note 27 - Related Party Disclosures****a) Parties where control exists:-**Holding Company

Jyothy Laboratories Limited

Individual having control

M.P.Ramachandran

Wholly Owned Subsidiaries

Four Seasons Drycleaning Company Private Limited

Partnership Firm

M/s JFSL - JLL (JV)

Subsidiary Company:

Snoways Laundrers &amp; Drycleaners Private Limited

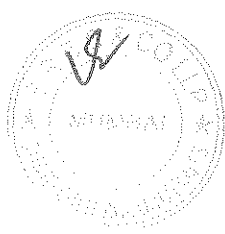
**b) Individual having substantial interest**

K Ullas Kamath (Director)

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

**c) Transaction with related parties during the year**

	2015-16	Amount in Rs 2014-15
<b><u>Jyothy Laboratories Limited</u></b>		
Loan & interest repaid	-	1,413,977,423
Interest Expenses	-	71,086,027
Purchase of miscellaneous items	1,253,771	677,663
Laundry services provided (Excluding service tax)	14,870	7,674
Reimbursement of Expenses (Net)	1,940,551	2,517,260
Issue of Preference share	-	1,500,000,000
Guarantees given for borrowing on behalf of the Company		
Balance outstanding as at year end is :	400,000,000	400,000,000
<b><u>Four Seasons Drycleaning Company Private Limited</u></b>		
Interest Income	2,688,625	2,666,678
Laundry Services Received (Excluding Service Tax) (Net)	6,107,533	(1,560,570)
Purchase of fixed assets	-	2,287,186
Reimbursement of Expenses (Net)	-	29,000
<b><u>Snoways Laundrers &amp; Drycleaners Private Limited</u></b>		
Sub-lease charges	60,000	60,000
Interest Income	67,897	-
Reimbursement of Expenses (Net)	13,500	14,100
<b><u>M/s JFSL - JLL (JV)</u></b>		
Capital Contribution	3,750,000	-
Repayment of capital contribution	-	12,900,000
Purchase of Fixed Asset	-	461,331
Salary Cost received	4,838,153	4,896,815
Interest income	3,273,272	2,391,713
Profit / (Loss) in Partnership Firm	(2,189,776)	8,150,481
<b>d) Related Parties Balances</b>		
<b><u>Amount Receivable:-</u></b>		
Snoways Laundrers & Drycleaners Private Limited	676,665	615,558
Four Seasons Drycleaning Company Private Limited	23,676,326	21,256,570



**Jyothy Fabricare Services Limited**  
**Notes to financials Statements for the Year Ended March 31, 2016**

**Note 28 - Supplementary information**

**A) Value of imports calculated on CIF basis:-**

Particulars	2015-16	2014-15
Capital goods	-	27,593,226
Spare parts	-	1,176,681
	-	<u>28,769,907</u>

**B) Payments to auditors (Excluding Service Tax)**

Particulars	2015-16	2014-15
As Auditors		
- Audit fees	1,625,000	1,275,000
- Tax audit fees	100,000	75,000
- Reimbursement of expenses	38,218	70,067
- Other Services	65,000	75,000
	<u>1,828,218</u>	<u>1,495,067</u>

**Note 29 - Operating Lease**

The Group 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, 2016 is Rs.66,890,966 (Previous year : Rs.61,054,154).

	2015-16	2014-15
Future lease payment under non - cancellable operating leases are as follows:		
Payable not later than one year	3,380,786	12,211,333
Payable later than one year and not later than five years	1,158,600	5,689,559
Payable later than five years	-	-
	<u>4,539,386</u>	<u>17,900,892</u>

**Note 30 - Capital Commitments**

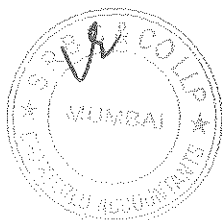
Particulars	2015-16	2014-15
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,495,350	6,738,838
	<u>1,495,350</u>	<u>6,738,838</u>

**Note 31 - Contingent Liabilities**

	2015-16	2014-15
Contingent liabilities not probable and hence not provided for in respect of:		
i) Service Tax	19,541,275	13,940,274
ii) Custom duty for F.Y 2007-08 to F.Y 2009-10	111,143	111,143
iii) Claims against the Company not acknowledged as debt	-	4,500
	<u>19,652,418</u>	<u>14,055,917</u>

**Note - 32 - 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.



**Jyothy Fabricare Services Limited**

Notes to financials Statements for the Year Ended March 31, 2016

**Note 33 - Earning Per Share (EPS)**

	2015-16	2014-15
Loss as per statement of Profit and Loss	(140,524,342)	(206,655,852)
Less - Dividend on Cumulative preference share	(33,000)	(33,000)
Less - Dividend Tax	(5,998)	(5,998)
Net Profit & Loss for calculation of EPS	(140,563,340)	(206,694,850)
Weighted average number of equity shares outstanding during the year in calculating basic EPS	13,050,000	13,050,000
Weighted average number of equity shares in calculating diluted EPS *	13,050,000	13,050,000
Basic & Diluted EPS (Rs)	(10.77)	(15.84)

\* Potential Equity Shares are anti-dilutive.

**Note 34 - Details of investments in partnership firms**

Name of Partner	Share in Profit /Loss ( %)	
	2015-16	2014-15
Jyothy Fabricare Services Limited	75%	75%
Jyothy Laboratories Limited	25%	25%
Total capital of the firm	33,900,026	31,819,727

**Note 35 - Previous year figures**

Previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

**Signatures to Notes 1 to 35**

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003



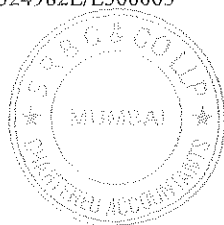
per Vikram Mehta

Partner

Membership No.: 105938

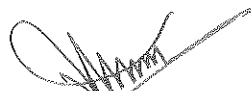
Place: Mumbai

Date: 23rd May, 2016



For and on behalf of the Board of Directors of

Jyothy Fabricare Services Limited



M. P. Ramachandran

Chairman and Managing Director

DIN - 00553406




Gaurav Munoli

Company Secretary

M.No. A24931

Place: Mumbai

Date: 23rd May, 2016

  
K. Ullas Kamath

Director

DIN - 00506681



Pinkesh Bansal

Chief Financial Officer

M.No. 121387

