

B S R & Co. LLP

Chartered Accountants

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Independent Auditors' Report

To the Members of Jyothy Fabricare Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Jyothy Fabricare Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 2019, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and 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) specified 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 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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Independent Auditors' Report (*Continued*)

Jyothy Fabricare Services Limited

Management's Responsibility for the Standalone Financial Statements

In preparing the standalone financial statements, management and Board of Directors are 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Independent Auditors' Report (Continued)

Jyothy Fabricare Services Limited

Auditor's Responsibilities for the Audit of the Standalone Financial Statements (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows 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 Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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".

(B) With respect to the other matters to be included in the Auditors' 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 as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 33 to the standalone 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.



Independent Auditors' Report (*Continued*)

Jyothy Fabricare Services Limited

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

- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

For B S R & Co. LLP

Chartered Accountants

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



Sreeja Marar

Partner

Membership No: 111410

Mumbai
7 May 2019

Jyothy Fabricare Services Limited

Annexure - A to the Independent Auditor's Report – 31 March 2019

(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 2019 (Rs.)	1,770,476	10,819,430	6,731,416
Net block as at 31 March 2019 (Rs.)	1,655,322	10,819,430	4,642,740

- (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, 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.



Jyothy Fabricare Services Limited

Annexure - A to the Independent Auditor's Report – 31 March 2019 (Continued)

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2019 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, , Duty of customs and Goods and Service tax as at 31 March 2019, 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 or 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 2019 (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
7 May 2019

Jyothy Fabricare Services Limited

Annexure B to the Independent Auditors' report on the standalone financial statements of Jyothy Fabricare Services Limited for the period ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Jyothy Fabricare Services Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls 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 (the "Guidance Note")

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 were established and maintained and whether such controls operated effectively in all material respects.



Jyothy Fabricare Services Limited

Annexure B to the Independent Auditors' report on the standalone financial statements of Jyothy Fabricare Services Limited for the period ended 31 March 2019 (Continued)

Auditors' Responsibility (Continued)

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 such internal financial controls, 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 standalone 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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls 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 controls with reference to financial statements include 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 controls 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.

For B S R & Co. LLP

Chartered Accountants

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



Sreeja Marar

Partner

Mumbai
7 May 2019

Membership No: 111410

Jyothy Fabricare Services Limited

Balance Sheet

as at March 31, 2019

	Note	As at March 31, 2019	Amount in Rs. As at March 31, 2018
Assets			
Non-Current Assets			
Property, plant and equipment	3a	32,21,24,712	35,03,19,775
Capital work in progress		12,373	3,86,377
Goodwill	3b	1,38,16,434	1,38,16,434
Other Intangible assets	3b	49,44,657	45,94,809
Financial assets			
Investment in subsidiaries	4	7,02,24,930	5,03,04,400
Loans	5	1,30,63,566	83,30,854
Other financial assets	6	1,97,251	1,23,23,004
Deferred Tax Assets (net)	7	2,42,699	2,42,699
Income tax assets (net)	8	1,62,84,263	1,50,72,681
Other non-current assets	9	15,72,983	10,69,142
		<u>44,24,83,868</u>	<u>45,64,60,175</u>
Current assets			
Inventories	10	39,95,529	32,19,846
Financial assets			
Investments	11	4,30,30,109	9,22,34,815
Loans	5	92,69,223	2,22,71,969
Trade receivables	12	1,17,87,011	2,33,78,815
Cash and cash equivalent	13 (a)	1,75,99,531	1,66,30,727
Other bank balances	13 (b)	83,28,881	1,53,99,491
Other current assets	9	87,85,649	1,97,96,336
		<u>10,27,95,933</u>	<u>19,29,31,999</u>
Total Assets		<u>54,52,79,801</u>	<u>64,93,92,174</u>
Equity and liabilities			
Equity			
Equity Share Capital	14a	16,35,00,000	16,35,00,000
Other Equity	14b	(1,56,36,57,589)	(1,25,64,79,638)
Total equity		<u>(1,40,01,57,589)</u>	<u>(1,09,29,79,638)</u>
Liabilities			
Non-Current liabilities			
Financial Liabilities			
Borrowings	15	1,19,68,90,085	1,06,86,51,861
Provisions	16	2,21,21,439	1,99,58,677
		<u>1,21,90,11,524</u>	<u>1,08,86,10,538</u>
Current liabilities			
Financial Liabilities			
Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		8,11,251	8,07,139
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,78,27,580	2,74,81,583
Other financial liabilities	18	69,25,89,428	62,01,90,319
Provisions	16	25,78,581	24,98,055
Other Current liabilities	19	26,19,026	27,84,178
		<u>72,64,25,866</u>	<u>65,37,61,274</u>
Total liabilities		<u>1,94,54,37,390</u>	<u>1,74,23,71,812</u>
Total equity and liabilities		<u>54,52,79,801</u>	<u>64,93,92,174</u>

Summary of significant accounting policies

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

As per our report of even date

For **BSR & Co. LLP**

Chartered Accountants

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


Sreeja Marar

Partner

Membership No: 111410

Place: Mumbai

Date: May 7, 2019



M. P. Ramachandran

Chairman and Managing Director

DIN - 00553406

Mayank Patwa

Company Secretary

M.No. A42480

Place: Mumbai

Date: May 7, 2019

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

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, 2019

	Note	Year ended March 31, 2019	Amount in Rs. Year ended March 31, 2018
Income			
Revenue from operations	20	28,61,09,463	31,75,28,722
Other income	21	1,83,66,464	1,65,54,201
Total income (I)		30,44,75,927	33,40,82,923
Expenses			
Cost of services	22	6,34,61,779	5,11,98,881
Employee benefits expense	23	14,22,55,074	18,27,90,404
Finance costs	24	19,65,92,324	16,40,56,542
Depreciation and amortisation expense	25	2,99,44,161	3,19,51,558
Other expenses	26	17,54,89,767	19,13,42,099
Total expense (II)		60,77,43,105	62,13,39,484
Loss before tax (I-II)		(30,32,67,178)	(28,72,56,561)
Income tax	43		
Current tax		-	-
Deferred tax		-	-
Total Income tax		-	-
Loss for the year attributable to equity shareholders (A)		(30,32,67,178)	(28,72,56,561)
Other comprehensive Income			
Items that will not be reclassified to Profit or loss			
Re-measurement losses on defined benefit plans		(39,10,773)	(4,12,549)
Income tax effect		-	-
Other comprehensive income for the year net of tax, attributable to equity shareholders (B)		(39,10,773)	(4,12,549)
Total comprehensive income for the year net of tax, attributable to equity shareholders (A+B)		(30,71,77,951)	(28,76,69,110)
EARNINGS PER SHARE (EPS)	35		
Basic & Diluted (Rs.)		(23.24)	(22.02)
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 **BSR & Co. LLP**

Chartered Accountants

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



Sreeja Marar

Partner

Membership No: 111410

Place: Mumbai

Date: May 7, 2019

For and on behalf of the Board of Directors of

Jyothy Fabricare Services Limited



M. L. Ramachandran

Chairman and Managing Director

DIN - 00553406



K. Ullas Kamath

Director

DIN - 00506681



Mayank Patwa

Company Secretary

M.No. A42480

Place: Mumbai

Date: May 7, 2019



Pinkesh Bansal

Chief Financial Officer

M.No. 121387



Jyothy Fabricare Services Limited

Statement of Cash Flow

for the year ended March 31, 2019

Amount in Rs.

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

	As at March 31, 2019	As at March 31, 2018
Loss Before Tax	(30,32,67,178)	(28,72,56,561)
Adjustment to reconcile loss before tax to net cash flows		
Depreciation and amortisation	2,99,44,161	3,19,51,558
Profit / Loss on sale of fixed assets	8,25,826	1,16,198
Interest income	(49,94,713)	(49,63,610)
Finance cost	19,65,92,324	16,40,56,542
Share of (profit)/ loss from investment in partnership firm	(95,45,030)	11,61,068
Profit on sale of current investments	(11,23,400)	(25,92,665)
Net change in fair value of financial assets measured at FVTPL	(11,43,618)	(40,22,344)
Bad debts / advances written off	-	6,45,642
Provision for doubtful debts & advances	-	25,61,993
Operating loss before working capital changes	(9,27,11,628)	(9,83,42,179)
Movements in working capital:-		
(Increase) / Decrease in working capital		
Decrease / (Increase) in Inventories	(7,75,683)	31,19,607
Decrease / (Increase) in Trade receivables	1,15,91,803	1,18,41,838
Decrease / (Increase) in Other Financial assets	2,00,54,759	(15,86,533)
Decrease / (Increase) in Other assets	1,05,06,845	(80,98,020)
Increase / (Decrease) in Trade payables	3,50,109	(12,19,580)
Increase / (Decrease) in Other Financial liabilities	53,24,673	6,49,52,785
Increase / (Decrease) in Provisions	(16,67,485)	(53,01,181)
Cash used in operations	(4,73,26,607)	(3,46,33,263)
Taxes (paid) / Refund received (net)	(12,11,582)	5,58,060
Net cash used in operating activities (A)	(4,85,38,189)	(3,40,75,203)

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

Purchase of fixed assets including capital work-in-progress and capital advances	(51,56,968)	(1,01,68,274)
Proceeds from sale of fixed assets	11,61,394	3,35,785
(Investment in)/withdrawal of Capital from Partnership firm & Subsidiaries (net)	(1,03,75,500)	(1,63,50,000)
Proceeds from sale of Mutual funds	20,90,24,305	11,81,52,950
Investment in Mutual funds	(15,75,52,588)	(6,00,00,000)
Interest received	50,45,659	53,18,276
(Investment in)/ Proceeds from fixed deposit	78,70,154	66,61,704
Loan given to subsidiaries	(5,09,463)	(38,56,540)
Net cash generated from investing activities (B)	4,95,06,993	4,00,93,901

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	-	(20,11,22,286)
CASH FLOWS FROM FINANCIAL ACTIVITIES (C)	-	(11,22,286)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	9,68,804	48,96,411
Cash and cash equivalents at the beginning of the year	1,66,30,727	1,17,34,316
Cash and cash equivalents at the end of the year	1,75,99,531	1,66,30,727
Components of cash and cash equivalents		
Cash in hand	38,30,140	30,05,500
Balance with scheduled Banks - Current account	1,37,69,391	1,36,25,227
Cash and cash equivalents considered for cash flow statement	1,75,99,531	1,66,30,727

Summary of significant accounting policies

Note 2

As per our report of even date

For **BSR & Co. LLP**

Chartered Accountants

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


Sreeja Marar

Partner

Membership No.: 111410

Place: Mumbai

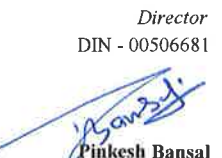
Date: May 7, 2019

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 7, 2019


Pinkesh Bansal
Chief Financial Officer
M.No. 121387



Jyothy Fabricare Services Limited

Statement of changes in equity

for the year ended March 31, 2019

A Equity Share Capital

	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
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>

B Other Equity

	Equity component of compound financial instruments	Retained Earning	Amalgamation reserve account	Securities premium	General Reserves	Total
As on 1 April 2017	78,97,89,394	(1,96,89,92,719)	(26,17,57,208)	46,93,00,005	28,50,000	(96,88,10,528)
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 on 1 April 2018	78,97,89,394	(2,25,66,61,829)	(26,17,57,208)	46,93,00,005	28,50,000	(1,25,64,79,638)
Loss for the Period	-	(30,32,67,178)	-	-	-	(30,32,67,178)
Other Comprehensive Income	-	(39,10,773)	-	-	-	(39,10,773)
As on 31 March 2019	<u>78,97,89,394</u>	<u>(2,56,38,39,780)</u>	<u>(26,17,57,208)</u>	<u>46,93,00,005</u>	<u>28,50,000</u>	<u>(1,56,36,57,589)</u>

Nature and purpose of reserves

- Equity component of compound financial instruments - Equity component of 2% Optionally Convertible Non - Cumulative Preference Share.
- Retained earnings - Retained earnings are the losses that the Company has incurred till date.
- 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.
- Securities premium - The amount received in excess of face value of the equity shares and Convertible Preference shares is recognised in Securities Premium Reserve.
- General reserves -on amalgamation of Akash Cleaners Private Limited ("ACPL").

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

For and on behalf of the Board of Directors of

Jyothy Fabricare Services Limited



M. P. Ramachandran

Chairman and Managing Director

DIN - 00553406



Mayank Patwa

Company Secretary

M.No. A42480

Place: Mumbai

Date: May 7, 2019



K. Ullas Kamath

Director

DIN - 00506681



Pinkesh Bansal

Chief Financial Officer

M.No. 121387

Place: Mumbai

Date: May 7, 2019



Jyothy Fabricare Services Limited

Notes to financial Statements

for the Year Ended March 31, 2019

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 7, 2019.

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.

As at 31 March 2019, the Company's paid up capital is Rs. 163,500,000 and the accumulated losses aggregated Rs 1,563,657,589. The Company has incurred a loss of Rs. 307,177,951 during the year and has net current liabilities of Rs. 623,629,932 as at 31 March 2019. During the year the Company has restructured its operating model to bring in better efficiencies using a franchisee model. The Company has positive cash flows from operations during the year. Loans taken by the Company have been secured by corporate guarantee issued by the holding Company. Based on the revised operating model and projected cash flows, management is confident of meeting its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

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 2j) 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 financial Statements (Continued)

for the Year Ended March 31, 2019

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.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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, 2019

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.

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.

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.



Jyothy Fabricare Services Limited

Notes to financial Statements (Continued)

for the Year Ended March 31, 2019

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, an 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.

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.



Jyothy Fabricare Services Limited

Notes to financial Statements (Continued)

for the Year Ended March 31, 2019

2.2 Summary of significant accounting policies (Continued)

j. Financial instruments (Continued)

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

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 company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss 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.

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.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2019

2.2 Summary of significant accounting policies (Continued)

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 recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding of taxes or duties collected on behalf of the Government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risk.

The specific recognition criteria described below must also be met before revenue is recognised.

Sales of Goods

Revenue from the sale of goods is recognised when control of the goods has transferred to the customers. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, incentives and rebates. Accumulated experience is used to estimate and provide for trade discounts, incentives and rebates. No element of financing is deemed present as the sales are made with credit terms.

Rendering of Services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction at the end of 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 Goods and Service Tax.

Rendering of Service at Franchisee Store

The company recognises 100% of the amount net of Goods and Service tax billed to customer out of franchisee stores since it fulfils below criteria.

- The Company has primary responsibility for rendering services to the customer.
- The Company has latitude in establishing price
- The Company has the inventory risk before or after the customer order.

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.

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



Jyothy Fabricare Services Limited

Notes to financial Statements (Continued)

for the Year Ended March 31, 2019

2.2 Summary of significant accounting policies (Continued)

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 (legal or constructive) 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 of the amount of the obligation. 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 deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.3 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from April 1, 2019:

i. Ind AS 116, Leases

Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

Leases in which the Company is a lessee

Company will recognise new assets and liabilities for its operating leases of offices, Outlets and factory facilities. The nature of expenses related to those leases will now change because Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Company will include the payments due under the lease in its lease liability and apply Ind AS 36, Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment.

No significant impact is expected for the Company's finance leases.



Jyothy Fabricare Services Limited

Notes to financial Statements (Continued)

for the Year Ended March 31, 2019

2.3 Recent Indian Accounting Standards (Ind AS) (Continued)

ii. Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

iii. Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Company does not expect this amendment to have any impact on its financial statements.

iv. Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. Company does not expect this amendment to have any significant impact on its financial statements.

v. Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Company does not expect any impact from this amendment.

vi. Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Company does not expect any impact from this amendment.

vii. Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued) for the year ended March 31, 2019

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
Additions	-	-	-	32,096	54,108	3,69,377	10,75,058	-	15,30,639
Disposals	-	-	-	42,42,110	36,028	28,99,540	2,61,826	1,85,700	76,25,204
As at March 31, 2019	16,85,40,748	5,37,85,319	17,70,438	18,86,66,999	1,11,35,138	89,60,338	1,08,12,278	74,26,748	45,10,98,006
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	60,11,192	93,11,616	57,59,996	50,95,833	10,68,72,796
Depreciation charge for the year	65,86,816	-	30,495	1,53,64,895	19,45,905	11,26,765	20,64,414	6,19,202	2,77,38,492
Disposals	-	-	-	24,31,790	34,667	28,99,512	2,41,598	30,427	56,37,994
As at March 31, 2019	2,62,59,270	-	1,15,152	7,58,70,153	79,22,430	75,38,869	75,82,812	56,84,608	12,89,73,294
Net book value									
As at March 31, 2019	14,22,81,478	5,37,85,319	16,55,286	11,47,96,846	32,12,708	14,21,469	32,29,466	17,42,140	32,21,24,712
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	42,39,050	25,16,615	35,03,19,775

@ Freehold Land, leasehold land & Building includes assets which are not transferred in the name of the Company amounting to Rs.19,321,322 (Gross Block) (2018: 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.



Notes to financials Statements (Continued)
for the year ended March 31, 2019

3b Intangible assets

Amount in Rs.

Particulars	Goodwill	Other Intangible assets		Total Other intangible assets
		Software and Licences	Trade marks and Copyrights \$	
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
Additions	-	25,55,527	-	25,55,527
Disposals	-	11,86,561	-	11,86,561
As at March 31, 2019	1,38,16,434	85,44,780	20,23,360	1,05,68,140
Amortisation and impairment				
As at April 1, 2017	-	22,25,386	8,37,770	30,63,156
Amortisation 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
Amortisation charge for the year	-	17,93,927	4,11,742	22,05,669
Disposals	-	11,86,551	-	11,86,551
As at March 31, 2019	-	39,62,229	16,61,254	56,23,483
Net book value				
As at March 31, 2019	1,38,16,434	45,82,551	3,62,106	49,44,657
As at March 31, 2018	1,38,16,434	38,20,961	7,73,848	45,94,809

\$ 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 2018-19 (Nil for 2017-18). Goodwill relates to the acquisition of 'Snoways' 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 - 6% - 8%

Weighted Average Cost of Capital % (WACC) (Discount rate) - 10.70%

The projections cover a period of five years, as we believe this to be the most appropriate timescale over which to review and consider annual performances, before applying a fixed terminal value growth rate to the final year cash flows. The growth rates used to estimate future performance (revenue, cost of goods sold, expenses etc) are based on the conservative estimates from past performance.

The recoverable amounts of the above CGU's have been assessed using a value-in-use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows.

We have performed sensitivity analysis around the base assumptions and have concluded that no reasonable change in key assumptions would cause the recoverable amount of CGU to be less than the carrying value.



Notes to financials Statements (Continued)
for the year ended March 31, 2019

	Amount in Rs.	
4 Investment in subsidiaries at cost (unquoted)	As at March 31, 2019	As at March 31, 2018
1000,000 (2018: 490,000) equity shares of Rs.10 each fully paid-up in Snowways Launderers & Drycleaners Private Limited	1,98,61,770	96,36,270
49,65,750 (2018: 2,207,000) equity shares of Rs.10 each fully paid-up in Four Seasons Drycleaning Company Private Limited	3,77,42,980	1,01,55,480
Less : Impairment of Investment	(3,77,42,980)	(1,01,55,480)
M/s JFSL - JLL (JV) - Partnership firm	5,03,63,160	4,06,68,130
	7,02,24,930	5,03,04,400
Aggregate value of unquoted investments	7,02,24,930	5,03,04,400
Aggregate amount of impairment in value of unquoted investments	3,77,42,980	1,01,55,480

5 Loans (Unsecured)

	Non -Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Loans /Advances to Subsidiaries	-	2,71,43,513	47,04,044	42,45,528
Less: Loss allowance	-	(2,71,43,513)	-	-
	-	-	47,04,044	42,45,528
Security deposits considered good	1,30,63,566	83,30,854	45,65,179	1,80,26,441
Less: Loss allowance	-	-	-	-
	1,30,63,566	83,30,854	92,69,223	2,22,71,969

6 Other financial assets

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Fixed deposit with Banks having remaining maturity of more than 12 months (Refer Note - 13)	1,97,251	9,96,795	-	-
Others#	5,25,000	1,18,51,209	-	-
Less: Loss allowance	(5,25,000)	(5,25,000)	-	-
	1,97,251	1,23,23,004	-	-

During the year on 12th September, 2018 51% shares held by Suresh Babu Balasu of Snowways Launderers & DryCleaners Private Limited (the subsidiary company) has been transferred in name of company against advance given to him amounting to Rs.10,200,000 as per Share Purchase agreement dated August 12, 2009. Previous Year figure includes Advance to Suresh Babu Balasu amounting to Rs.10,200,000.

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Break up of financial assets carried at amortised cost				
Trade receivables (Note 12)	-	-	1,17,87,011	2,33,78,815
Loans (Note 5)	1,30,63,566	83,30,854	92,69,223	2,22,71,969
Other financial assets (Note 6)	1,97,251	1,23,23,004	-	-
Cash and cash equivalent and other bank balances (Note 13a and 13b)	-	-	2,59,28,412	3,20,30,218
Total financial assets carried at amortised cost	1,32,60,817	2,06,53,858	4,69,84,646	7,76,81,002



Notes to financial Statements (Continued)
for the year ended March 31, 2019

		Amount in Rs.	
7	Deferred Tax Assets (net)	Non-Current	
		As at	As at
		March 31, 2019	March 31, 2018
a)	Deferred tax liability		
	Depreciation	1,43,97,577	1,30,99,791
	Fair value adjustments	2,97,302	38,27,659
	(A)	1,46,94,879	1,69,27,450
b)	Deferred Tax Assets		
	Provision for Gratuity	38,55,273	36,20,843
	Provision for Bonus	8,58,436	10,07,492
	Provision for Leave Encashment	25,04,982	21,61,765
	Mat Credit Receivable	2,42,699	2,42,699
	Provision for doubtful debts and Advances (only to the extent of deferred tax liability)	74,76,188	1,01,37,350
	(B)	1,49,37,578	1,71,70,149
	(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.

8 Income tax assets (net)

	Non-Current	
	As at	As at
	March 31, 2019	March 31, 2018
Advance tax [Net of Provision of Rs.Nil, (2018: Rs.Nil)]	1,62,84,263	1,50,72,681
	1,62,84,263	1,50,72,681

9 Other Assets

	Non-Current		Current	
	As at	As at	As at	As at
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Advance to suppliers	-	-	92,22,868	56,59,837
Prepaid Expenses	15,72,983	10,69,142	23,15,127	16,51,921
Balances with Government authorities	-	-	17,02,337	1,65,22,503
Others	-	-	2,85,254	4,54,042
Less: Provision for doubtful advances	-	-	(47,39,937)	(44,91,967)
	15,72,983	10,69,142	87,85,649	1,97,96,336

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

	Current	
	As at	As at
	March 31, 2019	March 31, 2018
Raw and packing materials	26,28,735	16,84,996
Fuel	65,084	1,58,963
Stores & Spares	13,01,710	13,75,887
	39,95,529	32,19,846

11 Investments

	Current	
	As at	As at
	March 31, 2019	March 31, 2018
<u>Investments at Fair Value through Profit & Loss</u>		
TSTG Tata Short Term Bond Fund Plan A - Growth Nil (2018 : 1,953,407.32) units of Rs.Nil (2018 : Rs.10) each	-	6,30,74,546
TSTG Liquid Fund Regular Plan - Growth 7497.841 (2018 : Nil) units of Rs.1000 (2018 : Nil) each	2,19,72,800	-
HDFC High Interest Fund - Dynamic Plan - Growth Nil (2018 : 134,153.698) units of Rs.Nil (2018 : Rs.10) each	-	79,04,416
Axis Liquid Fund - Direct Growth 9,810.902 (2018 : Nil) units of Rs.1000 (2018 : Nil) each	2,03,43,134	-
Axis Treasury Advantage Fund - Direct Growth 332.837 (2018 : 10,730.645) units of Rs.1,000 (2018 : Rs.1000) each	7,14,175	2,12,55,853
	4,30,30,109	9,22,34,815

Aggregate value of quoted investments & market value thereof

For determination of fair values, refer Note 38



Notes to financial Statements (Continued)
for the year ended March 31, 2019

Amount in Rs.

12 Trade Receivables (Unsecured)

	Current	
	As at	As at
	March 31, 2019	March 31, 2018
- Considered good	1,17,87,011	2,33,78,815
- Credit impaired	14,45,094	45,19,156
	<u>1,32,32,105</u>	<u>2,78,97,971</u>
Less: Loss allowance for doubtful trade receivable	(14,45,094)	(45,19,156)
	<u>1,17,87,011</u>	<u>2,33,78,815</u>
	As at	As at
	March 31, 2019	March 31, 2018
Movements of provision for bad and doubtful debts		
Balance as at 1st April	(45,19,156)	(29,92,064)
Arising during the year	-	(15,27,092)
Reversal during the year	30,74,062	-
Balance as at 31st March	<u>(14,45,094)</u>	<u>(45,19,156)</u>

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	As at	As at	As at
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
13 (a) Cash and Cash equivalent				
Cash in hand	-	-	38,30,140	30,05,500
On Current accounts	-	-	1,37,69,391	1,36,25,227
	-	-	<u>1,75,99,531</u>	<u>1,66,30,727</u>
13 (b) Other bank balances				
Deposits with original maturity for more than 3 months and upto 12 months*	-	-	83,28,881	1,53,99,491
Deposits with original and remaining maturity for more than 12 months *	1,97,251	9,96,795	-	-
Less Amount disclosed under other financial assets (Refer Note - 6)	(1,97,251)	(9,96,795)	-	-
	-	-	<u>83,28,881</u>	<u>1,53,99,491</u>
	-	-	<u>2,59,28,412</u>	<u>3,20,30,218</u>

*Includes restricted deposits of Rs.8,526,132 (2018 - Rs.16,396,286) 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.

14 (a) Share Capital

	As at	As at
	March 31, 2019	March 31, 2018
Authorised Capital		
17,250,000 (2018 : 17,250,000) Equity shares of face value Rs.10 each	17,25,00,000	17,25,00,000
3,300,000 (2018 : 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 (2018 : 10,000,000) 2% Optionally Convertible Non - Cumulative Preference Share of face Value Rs.10 each	10,00,00,000	10,00,00,000
	<u>30,55,00,000</u>	<u>30,55,00,000</u>
Issued, Subscribed And Paid Up Shares		
13,050,000 (2018 : 13,050,000) Equity shares of face value of Rs.10 each	13,05,00,000	13,05,00,000
3,300,000 (2018 : 3,300,000) Series A Compulsorily Convertible Preference Share of face Value Rs.10 each	3,30,00,000	3,30,00,000
	<u>16,35,00,000</u>	<u>16,35,00,000</u>



Notes to financial Statements (Continued)
for the year ended March 31, 2019

Amount in Rs.

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

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Equity Shares				
At the beginning of the Period	1,30,50,000	13,05,00,000	1,30,50,000	13,05,00,000
Outstanding at the end of the Period	1,30,50,000	13,05,00,000	1,30,50,000	13,05,00,000
As at March 31, 2019				
Series A Compulsorily Convertible Preference Share	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
At the beginning of the Period	33,00,000	3,30,00,000	33,00,000	3,30,00,000
Outstanding at the end of the Period	33,00,000	3,30,00,000	33,00,000	3,30,00,000

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 were 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 has been further extended for 7 years i.e upto June 18, 2025.

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

	As at March 31, 2019	As at March 31, 2018
<u>Jyothy Laboratories Limited, the holding Company</u>		
9,800,000 (201 : 9,800,000) Equity shares of Rs.10 each fully paid	9,80,00,000	9,80,00,000
3,300,000 (2018 : 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, 2019		As at March 31, 2018	
	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%

14 (b) Other Equity

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

A. Summary of Other Equity balance.

	As at March 31, 2019	As at March 31, 2018
Equity component of compound financial instruments	78,97,89,394	78,97,89,394
Retained earnings	(2,56,38,39,780)	(2,25,66,61,829)
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	(1,56,36,57,589)	(1,25,64,79,638)



Notes to financial Statements (Continued)
for the year ended March 31, 2019

15 Borrowings

	Amount in Rs.	
	Non-Current	
	As at	As at
	March 31, 2019	March 31, 2018
Unsecured Zero Coupon non convertible debentures		
600 (2018 : 600) Rated, Unlisted, Redeemable,		
Non -Convertible Debentures of Rs.1,000,000 (2018 : Rs.1,000,000) each (Note 1)	60,00,00,000	60,00,00,000
Liability component of compound financial instruments		
Optionally Convertible preference shares (unsecured) (Note 2)	1,19,68,90,085	1,06,86,51,861
Amount disclosed under the head "other financial liabilities"(Refer Note - 18)	(60,00,00,000)	(60,00,00,000)
	1,19,68,90,085	1,06,86,51,861

Note:

- 1) Debentures issued during the previous year of Rs. 60 Crores are redeemable at a premium of Rs. 323,424 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, 2019. The debentures are secured against a negative lien on the fixed assets of the Company.
- 2) At March 31, 2019 and 2018, 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	As at	As at	As at
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Provision for Leave Encashment	83,46,875	71,43,333	13,81,210	12,51,871
Provision for Gratuity (Refer Note - 27)	1,37,74,564	1,28,15,344	11,97,371	12,46,184
	2,21,21,439	1,99,58,677	25,78,581	24,98,055

17 Trade payables

	Current	
	As at	As at
	March 31, 2019	March 31, 2018
Total outstanding dues of micro enterprises and small enterprises (Refer Note 34)	8,11,251	8,07,139
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,78,27,580	2,74,81,583
	2,86,38,831	2,82,88,722

18 Other Financial liabilities

	Current	
	As at	As at
	March 31, 2019	March 31, 2018
Current maturities of long term borrowing (Refer Note 15)	60,00,00,000	60,00,00,000
Creditors for capital goods	16,81,462	31,26,269
Premium payable on redemption of Debentures	7,86,13,279	1,02,59,178
Security deposit	2,50,000	5,19,248
Payable Others - Employees	1,20,44,687	62,85,624
	69,25,89,428	62,01,90,319

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 is settled as per the term of the borrowings.

	Non - Current		Current	
	As at	As at	As at	As at
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Break up of financial liabilities carried at amortised cost				
Borrowings (Refer Note 15)	1,19,68,90,085	1,06,86,51,861	-	-
Trade payables (Refer Note 17)	-	-	2,86,38,831	2,82,88,722
Other financial liabilities (Refer Note 18)	-	-	69,25,89,428	62,01,90,319
Total of financial liabilities carried at amortised cost	1,19,68,90,085	1,06,86,51,861	72,12,28,259	64,84,79,041

19 Other liabilities

	Current	
	As at	As at
	March 31, 2019	March 31, 2018
Statutory dues	26,19,026	27,84,178
	26,19,026	27,84,178



Jyothy Fabricare Services Limited

Notes to financial Statements (Continued) for the year ended March 31, 2019

	Year ended March 31, 2019	Amount in Rs. Year ended March 31, 2018
20 Revenue from operations		
Sale of Services (Laundry Services)	28,61,09,463	31,75,28,722
	<u>28,61,09,463</u>	<u>31,75,28,722</u>
21 Other Income		
Share of profit in Partnership Firm	95,45,030	-
Net change in fair value of financial assets measured at FVTPL	11,43,618	40,22,344
Provision for doubtful debts written back	10,50,240	-
Profit on sale of current investments	11,23,400	25,92,665
Interest on fixed deposits	10,98,711	11,50,352
Interest on loans to subsidiaries	5,09,463	35,46,659
Interest on capital invested in Partnership firm	38,96,002	38,13,258
Miscellaneous income	-	14,28,923
	<u>1,83,66,464</u>	<u>1,65,54,201</u>
22 Cost of services		
Opening stock	16,84,996	42,22,511
Add: Cost of purchases	2,15,96,411	3,31,11,337
	<u>2,32,81,407</u>	<u>3,73,33,848</u>
Less: Closing stock	26,28,735	16,84,996
Material consumed (A)	2,06,52,672	3,56,48,852
Subcontracting charges (B)	4,28,09,107	1,55,50,029
	<u>6,34,61,779</u>	<u>5,11,98,881</u>
23 Employee benefit expense		
Salaries and wages	12,73,37,455	16,39,72,158
Contribution to Provident and other funds	78,32,072	1,11,89,451
Gratuity (Refer Note - 27)	33,79,877	35,05,245
Staff welfare expenses	37,05,670	41,23,550
	<u>14,22,55,074</u>	<u>18,27,90,404</u>



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued) for the year ended March 31, 2019

	Year ended March 31, 2019	Amount in Rs. Year ended March 31, 2018
24 Finance Costs		
Interest on debt component of compound financial instruments	12,82,38,223	11,44,98,414
Other Borrowing cost - Premium on redemption of Debentures	6,83,54,101	4,95,58,128
	19,65,92,324	16,40,56,542
25 Depreciation and amortisation		
Depreciation of tangible assets	2,77,38,492	3,04,10,344
Amortisation of intangible assets	22,05,669	15,41,214
	2,99,44,161	3,19,51,558
26 Other Expenses		
Power and fuel consumed	1,57,62,752	4,37,54,419
Rent (Refer Note 31)	4,42,98,381	5,77,89,410
Repairs and maintenance		
-Building	2,70,424	6,05,028
-Plant & Machinery	22,54,801	51,75,768
-Others	9,99,229	54,48,989
Printing and stationery	12,46,274	13,27,134
Legal and professional fees	39,16,017	55,90,087
Rates and taxes	20,80,038	22,96,389
Advertisement and publicity	3,08,51,631	1,32,24,870
Travelling expenses	36,94,280	54,80,570
Vehicle expenses	1,34,77,400	1,31,67,641
Security charges	51,43,829	62,85,165
Water charges	16,74,077	45,85,934
Telephone, mobile, fax expenses	30,54,515	43,15,538
Office maintenance	15,88,409	19,43,805
Clothes/ Laundry damage charges	11,79,679	12,88,775
Loss on sales of fixed assets	8,25,826	1,16,198
Freight & handling charges	82,94,414	35,22,873
Concession fee	2,75,77,673	47,98,657
Payment to Auditors (Refer Note 30)	10,00,000	8,00,000
Provision for doubtful advances	-	25,61,993
Bad debt / Advance written off	-	6,45,642
Share of loss in Partnership Firm	-	11,61,068
Miscellaneous expenses	63,00,118	54,56,146
	17,54,89,767	19,13,42,099



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued) for the Year Ended March 31, 2019

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, 2019 Gratuity Funded	As at March 31, 2018 Gratuity Funded
(A) Summary of the Actuarial Assumptions		
Mortality	IALM (2006-08) Ult	IALM (2006-08) Ult
Discount rate	7.10%	7.50%
Rate of increase in compensation	10.00%	10.00%
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	1,49,39,225	1,93,24,330
Interest cost	11,19,646	13,32,435
Current Service Cost	23,10,706	22,29,027
Benefits Paid	(63,64,940)	(83,65,271)
Actuarial changes arising from changes in demographic assumptions	-	-
Re-measurement gain/(losses) arising from changes in financial assumptions	3,89,999	11,72,211
Experience adjustments	35,20,774	(7,53,507)
PVO at end of period	1,59,15,410	1,49,39,225
(C) Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the period	8,77,695	8,15,323
Investment income	65,780	56,217
Benefits Paid	-	-
Return on plan assets	-	6,155
Fair value of plan assets at the end of the period	9,43,475	8,77,695
(D) Expenses recognised in the statement of profit and loss		
Current service cost	23,10,706	22,29,027
Net Interest cost on the Net Defined Benefit Liability / (Asset)	10,53,866	12,76,218
Expense recognised in the statement of profit and loss	33,64,572	35,05,245
(E) Remeasurement gains/(losses) in other comprehensive income		
Return on plan assets	-	(6,155)
Actuarial changes arising from changes in demographic assumptions	-	-
Re-measurement changes arising from changes in financial assumptions	3,89,999	11,72,211
Experience adjustments	35,20,774	(7,53,507)
Total amount recognised in OCI	39,10,773	4,12,549
(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, 2019

27 Gratuity (Continued)

Amount in Rs.

	March 31, 2019	March 31, 2018
(G) Net Assets/(Liabilities) recognised in the balance sheet		
PVO at end of period	(1,59,15,410)	(1,49,39,225)
Fair value of plan assets at end of period	9,43,475	8,77,695
Funded status (deficit in fair value of plan assets over PVO)	(1,49,71,935)	(1,40,61,530)
Net assets / (Liability) recognised in the balance sheet	(1,49,71,935)	(1,40,61,530)

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, 2019		March 31, 2018	
Defined Benefit Obligation (Base)	1,59,15,410		1,49,39,225	
Particulars	As at March 31, 2019		As at March 31, 2018	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)	1,69,72,014	1,49,70,662	1,59,07,308	1,40,72,607
(% change compared to base due to sensitivity)	6.60%	-5.90%	6.50%	-5.80%
Salary Growth (-/+ 1%)	1,49,86,264	1,69,32,797	1,40,83,910	1,58,75,073
(% change compared to base due to sensitivity)	-5.80%	6.40%	-5.70%	6.30%
Attrition Rate (- / + 50% of attrition rate)	1,78,00,966	1,49,96,768	1,64,71,443	1,41,84,285
(% change compared to base due to sensitivity)	11.80%	-5.08%	10.30%	-5.10%
Mortality Rate (- / + 10% of mortality rate)	1,59,18,398	1,59,12,430	1,49,41,562	1,49,36,894
(% 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 6 years

Expected cash flows over the next (valued on undiscounted basis)	Rs.
1 year	21,40,846
2 to 5 years	80,33,074
6 to 10 years	71,53,760
More than 10 years	99,63,751

c) The Company expects to contribute Rs. Nil (2018- Rs. Nil) to gratuity fund.

(II) Provident and other funds

The Company Contributed Rs.78.32 lacs and Rs.111.89 lacs to the employee provident fund during the years ended March 31, 2019 and March 31, 2018, 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, 2019

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 2018-19 and 2017-18, 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

Snoways Laundrers & Drycleaners Private Limited w.e.f September 12, 2018

Partnership Firm

M/s JFSL - JLL (JV)

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

Amount in Rs.

	March 31, 2019	March 31, 2018
Jyothy Laboratories Limited (JLL)		
Purchase of miscellaneous items	2,92,500	12,26,282
Reimbursement of Expenses (Net)	20,63,406	21,78,845
Guarantees given by JLL for borrowing on behalf of the Company	-	60,00,00,000
Four Seasons Drycleaning Company Private Limited		
Interest Income	-	33,14,936
Investments	2,75,87,500	-
Conversion Charges Paid	-	89,19,895
Advance Received	2,71,43,513	-
Rent Income	15,750	-
Washing Charges	-	89,19,895
Laundry Services Received (Excluding goods and service tax)	-	1,67,44,441
Snoways Laundrers & Drycleaners Private Limited		
Sub-lease charges	60,000	60,000
Investment	1,02,00,000	-
Advances Given	-	70,00,000
Reimbursement of Expenses	-	36,91,677
Interest Income	5,09,463	2,31,723
M/s JFSL - JLL (JV)		
Capital Contribution (net)	1,50,000	1,63,50,000
Rent on Plant & Machinery	1,80,000	36,774
Salary Cost received	76,02,877	65,56,334
Interest income	38,96,002	38,13,258
Profit / (Loss) in Partnership Firm	95,45,030	(11,61,068)

d) Related Parties Balances

	As at March 31, 2019	As at March 31, 2018
Corporate Guarantees given by JLL for borrowing on behalf of the Company	60,00,00,000	60,00,00,000

Amount Receivable:-

i	Snoways Laundrers & Drycleaners Private Limited	47,04,044	42,45,528
ii	Four Seasons Drycleaning Company Private Limited	-	2,71,43,513



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2019

30 Supplementary information

	Amount in Rs.	
	March 31, 2019	March 31, 2018
Payments to auditors (Excluding GST)		
Particulars		
As Auditors		
- Audit fees	7,00,000	6,00,000
- Tax audit fees	3,00,000	2,00,000
	10,00,000	8,00,000

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, 2019 is Rs. 44,298,381 (2018 : Rs. 57,789,410).

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

	As at March 31, 2019	As at March 31, 2018
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, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
	-	-

33 Contingent Liabilities

	As at March 31, 2019	As at March 31, 2018
Contingent liabilities not probable and hence not provided for in respect of:		
i) Custom duty for F.Y 2007-08 to F.Y 2009-10	1,11,143	1,11,143
	1,11,143	1,11,143

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 :

	As at March 31, 2019	As at March 31, 2018
Principal amount due to suppliers under MSMED Act	8,11,251	8,07,139
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	554	-
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, 2019

35 Earning Per Share (EPS)

	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Loss as per statement of Profit and Loss	(30,32,67,178)	(28,72,56,561)
Less - Dividend on Cumulative preference share	(33,000)	(33,000)
Less - Dividend Tax	(6,785)	(6,785)
Net Profit & Loss for calculation of EPS	<u>(30,33,06,963)</u>	<u>(28,72,96,346)</u>
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.)	(23.24)	(22.02)

* Potential Equity Shares are anti-dilutive.

36 Details of investments in partnership firm

Name of Partner	Share in Profit /Loss (%)	
	As at March 31, 2019	As at March 31, 2018
Jyothy Fabricare Services Limited	75.00%	75.00%
Jyothy Laboratories Limited	25.00%	25.00%
Total capital of the firm	6,71,50,873	5,42,24,168



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Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2019

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.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued)

for the Year Ended March 31, 2019

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, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial Assets				
Investment	4,30,30,109	9,22,34,815	4,30,30,109	9,22,34,815
Deposits (Non-Current)	1,30,63,566	83,30,854	1,30,63,566	83,30,854
Total	5,60,93,675	10,05,65,669	5,60,93,675	10,05,65,669
Financial Liabilities				
Borrowings	1,79,68,90,085	1,66,86,51,861	1,79,68,90,085	1,66,86,51,861
Total	1,79,68,90,085	1,66,86,51,861	1,79,68,90,085	1,66,86,51,861

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	Amount in Rs.		
			Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value of financial assets disclosed					
Investment	March 31, 2019	4,30,30,109	4,30,30,109	-	-
	March 31, 2018	9,22,34,815	9,22,34,815	-	-

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.



Jyothy Fabricare Services Limited

Notes to financials Statements (Continued) for the Year Ended March 31, 2019

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, 2019				
Borrowings *	-	1,79,68,90,085	-	1,79,68,90,085
Other financial liabilities *	69,25,89,428	-	-	69,25,89,428
Trade payables	2,86,38,831	-	-	2,86,38,831
	72,12,28,259	1,79,68,90,085	-	2,51,81,18,344
As at March 31, 2018				
Borrowings	-	1,66,86,51,861	-	1,66,86,51,861
Other financial liabilities	2,01,90,319	-	-	2,01,90,319
Trade payables	2,82,88,722	-	-	2,82,88,722
	4,84,79,041	1,66,86,51,861	-	1,71,71,30,902

* 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, 2019

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, 2019	March 31, 2018
Borrowings (Note 15)	1,79,68,90,085	1,66,86,51,861
Trade payables (Note 17)	2,86,38,831	2,82,88,722
Less: cash and cash equivalents, other bank balances and mutual funds	(6,89,58,521)	(12,42,65,033)
Net debt	1,75,65,70,395	1,57,26,75,550
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	2,70,98,59,789	2,52,59,64,944
Gearing ratio	65%	62%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

42 Income Tax

For the year ended March 31, 2019 and March 31, 2018, 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, 2019 and March 31, 2018.



Jyothy Fabricare Services Limited

Notes to financial Statements (Continued)

for the Year Ended March 31, 2019

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

Amount in Rs.

Particulars	As at 31 March 2019		As at 31 March 2018	
	Gross Amount	Tax	Gross Amount	Tax
Tax Losses	1,68,51,64,208	43,39,29,784	1,59,06,23,462	40,95,85,542

Breakup of Tax losses & Unabsorbed depreciation

Particulars	As at 31 March 2019		Expiry Date (Assessment Year)	As at 31 March 2018		Expiry Date (Assessment Year)
	Gross amount	Unrecognised Tax effect		Gross amount	Unrecognised Tax effect	
Brought forward losses (allowed to carry forward for specific period)	19,23,41,460	4,95,27,926	2020-21	11,00,19,838	2,83,30,108	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	4,95,27,926	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	4,96,95,245	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	5,46,45,332	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	4,29,67,256	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	2,63,38,514	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	2,91,91,465	2025-26
Brought forward losses (allowed to carry forward for specific period)	16,74,06,480	4,31,07,169	2027-28	14,17,57,452	3,65,02,544	2026-27
Unabsorbed depreciation	39,59,39,159	10,19,54,333	NA	35,87,85,055	9,23,87,152	NA
	1,68,51,64,208	43,39,29,784		1,59,06,23,462	40,95,85,542	

44 Ind AS 115 : Revenue from Contracts with Customers

Reconciliation the amount of revenue recognised in the statement of profit and loss

	April 1, 2018 to March 31, 2019	April 1, 2017 to March 31, 2018
Gross Sales	31,89,03,111	34,60,13,426
Less : Scheme	(3,27,93,648)	(2,84,84,704)
Net Sales	28,61,09,463	31,75,28,722

45 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019

46 Previous year figures have been regrouped / reclassified, where necessary, to conform to this year classification.

	Note no.	Amount as per previous period financials	Adjustments	Revised amount for previous year
Balance sheet				
Provision - Non Current	16	1,28,15,344	71,43,333	1,99,58,677
Trade Payable	17	3,45,74,346	(62,85,624)	2,82,88,722
Other financial liabilities	18	61,39,04,695	62,85,624	62,01,90,319
Provision - Current	16	96,41,388	(71,43,333)	24,98,055

Notes 1 to 46

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

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

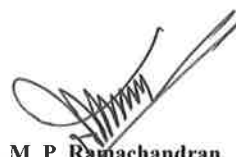

Sreeja Marar

Partner

Membership No: 111410

Place: Mumbai

Date: May 7, 2019


M. P. Ramachandran

Chairman and Managing Director

DIN - 00553406


Mayank Patwa

Company Secretary

M.No. A42480

Place: Mumbai

Date: May 7, 2019

For and on behalf of the Board of Directors of

Jyothy Fabricare Services Limited


K. Ullas Kamath

Director

DIN - 00506681


Rinkesh Bansal

Chief Financial Officer

M.No. 121387

