



# Value for **Many!**



## CONTENTS

---

About Jyothy Laboratories **02** | Value for many! **05** | From the Chairman and Managing Director's desk **06** | Key performance indicators **08** | Joint Managing Director & Chief Financial Officer's review **10** | Brand promotions **13** | Product report: From the Director's desk **14** | Consumers speak **16** | Business competencies **20** | Management discussion and analysis **22** | Industry size and our market share at a glance **37** | CSR activities **38** | Employee engagement **39** | Corporate information **40** | Directors' report **42** | Secretarial audit report **60** | Report on Corporate Governance **89** | Standalone financial statements **105** | Consolidated financial statements **169**



To many, we are one of India's most successful homegrown FMCG companies.

To some, we are a proxy of the Indian consumption growth story.

To others, we are a household name and an integral component of everyday lives.

Jyothy Laboratories Limited.

One company providing 'Value to Many'!

Jyothy Laboratories Limited.

More than just a company.  
A metaphor.

A metaphor for a brand that  
reinvents rules.

A metaphor for a personality  
that is fundamentally Indian.

A metaphor for a local  
company challenging global  
brands.

A metaphor for the small  
prevailing over the large.

A metaphor for a commitment  
to enhance stakeholder wealth.

#### Anchor

Jyothy Laboratories Limited has touched millions of Indian lives by providing 'value for many'. The Company's products provide relevant solutions in line with evolving everyday consumer needs. This democratisation of consumption has empowered Jyothy Laboratories to report sustainable growth in an industry marked by intense competition, innumerable variables and unprecedented volatility.

#### Vision

Our vision is to deliver premium products and quality solutions as well as building strong relationships with consumers. We plan to achieve this through robust research and development in compliance with the stringent quality standards. We promise to offer the right products at the right price according to the growing demands of all sections of consumers.

#### Mission

Our mission is to understand the often unspoken needs of the consumers improve our product formulations, offer better solutions, build our brands and satisfy each customer. We encourage small ideas in the organisation as we believe that they have the power to make a great impact.



## History

Jyothy Laboratories began its journey in 1983 with a single product – Ujala Supreme – in the fabric whitener category. The product was woven around a unique proposition. An iconic jingle 'Aaya naya Ujala, chaar boondo waala' was created to market this product. The message to the consumer was that now spotlessly clean clothes were possible by using only four drops of Ujala Supreme. Over the years, the Company invested in market and product research to diversify into various household product categories such as insecticides, fabric stiffeners and soap, leading to the launch of successful products like Ujala, Maxo and Exo. A turning point was reached in 2011, with the Company's acquisition of a controlling stake in Henkel India Limited, the local arm of the German FMCG giant Henkel AG & Co. This business association widened the Company's opportunity landscape as consumer business segments of Jyothy Laboratories and this global giant were clubbed. We take pride in being the first major Indian company to take such a leap with the backing of necessary resources.

## Plants and locations

Jyothy Laboratories' pan-India presence covers many manufacturing facilities and two research and development centres. Most of the Company's plants are proximate to major consumption centres and tax-friendly zones.

## Key product categories and brands

# 5

Product categories in which Jyothy Laboratories is present:

Fabric care  
Dish wash  
Household insecticides  
Personal care  
Laundry services

# 6

The number of the Company's Power Brands:

UJALA  
Supreme

Henko

MAXO  
A-GRADE

Margo

EXO

Pril

Revenues from these Power Brands accounted for 86.4% of the Company's sales in FY2016-17.

## Key financial highlights, FY2016-17

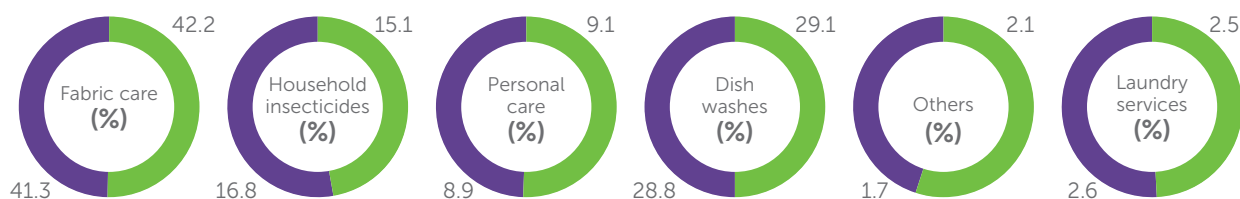
- ROCE increased 1,060 basis points to 18.7%
- Net sales increased 5.4% to ₹1,747.4 crore
- Power Brand sales increased by 4.4% to ₹1,510 crore
- Gross profit margins declined by 50 bps to 45%
- Operating profit margins increased by 30 bps to 14.7%
- Net profit increased by 176.6% to ₹204.2 crore
- Earnings per share increased by 175.7% to ₹11.2

## Listing details

- Jyothy Laboratories is listed on BSE Limited and National Stock Exchange of India Limited.
- The Company's market capitalisation increased from ₹5,240 crore (as on 31 March 2016) to ₹6,471 crore (as on 31 March 2017)
- An investment of ₹69 (after bonus and share split) in the IPO had grown to ₹357.3 as on 31 March 2017 (excluding dividends)
- The promoters held 66.89% of the Company's equity capital (as on 31 March 2017)
- The face value of each Jyothy equity share stands at Re. 1; the Company declared/paid a dividend of ₹6 per share for FY2016-17 (₹5 per share for FY2015-16)

## Category contribution

FY2016-17 FY2015-16





Value for Many!

## Jyothy in the heart of India

"Jyothy, kapda aur makaan! Life mein sukoon hai!" "Hamare ghar mein kapde ki safedi Ujala se hi aati hai!" "Nahin, Pril hi dena. Aur kuch nahi!" "Jyothy ne hamare dhande mein ujala laya hai!" "Woh stand-wala macchar dani dena; haan-haan bhai, Maxo!" "Square dishwash bar jaldi pighal jaata hai. Par circular Exo bar toh chalta hi jaata hai!" "Madamji, Henko isi liye intelligent hai kyunki woh kapde ke reshon, jise English mein lint kehte hain, usse bachaa ke rakhta hai!" "Bahu ko laayi hoon. Dekh lo! Woh bhi Pril hi khareedegi!" "Original neem saabun matlab Margo. Bas!" "Aji sunte ho, ghar mein saabun khatam ho gaya hai." "Theek hai Margo le aaonga!" "Fits all machines? Accha! Tab toh Maxo A-grade liquid vaporiser bade kaam ki cheez hai!" "Bahu raani, maine dekha hai. Exo mein 'Anti-Sogg' formula hai jisse bar jaldi nahin pighalta! Hum bhi research karte hai!" "Henko ki dhulaai aur Ujala ki safedi. Mast hai bhai!"



# FROM THE CHAIRMAN & MANAGING DIRECTOR'S DESK



*Dear shareholders,*

It gives me pleasure to highlight that inspite of the FMCG sector slowdown, Jyothy Laboratories performed reasonably well in the industry. We are largely an 'organic' growth story in India's FMCG consumption space with limited advertisement and marketing spending.

So what lies at the heart of Jyothy's performance?

It is our ability to identify the everchanging needs of consumers and devising products that address these new desires. In turn, this has been made possible owing to our efforts in connecting with consumers at various levels, forums and occasions; the ability to aggregate insights and develop impact-driven products around a unique need- based proposition that translates into a consumer buy-in.

## **FMCG: The backbone of India's consumption story**

The Indian FMCG industry is poised to grow at a healthy ~20% CAGR to 2020, according to A.C. Nielsen.

Some of the factors that we feel will make this a reality are robust expected GDP growth, increasing disposable incomes and growing living standards. Besides, evolving preferences, increased demand and expansion of product categories could catalyse uptake.

We believe that some trends that catalyse the sector could comprise the following:

- Smaller SKUs: to make products affordable for even the lower income group
- Product extensions and innovations: To enhance consumer excitement
- E-commerce: To widen purchase options and convenience.

As a Company deeply enmeshed in India's consumption space, we focus on remaining ahead of the curve, anticipating consumer needs and turning these into valuable customer propositions.



## At the heart of Jyothy

At Jyothy, our objective is to provide superior returns to all our stakeholders through continuous new product formulations research as well as deliverables enhancement by its products.

Innovation is Jyothy's principal business driver. We compete with ourselves in creating progressively better products. Our robust R&D process focuses on process modification, enhancing overall product quality.

## Eight-eleven and its impact on us (Demonetisation)

For a company that generates substantial revenues from semi urban and rural India, it would have been reasonable to believe that the demonetisation would affect our revenues. Even as much of India saw the demonetisation as a threat, we considered 8/11 as an opportunity for innovation and better market outreach. Some of the initiatives we undertook to overcome demonetisation included the launch of smaller SKUs and superior supply chain integration; even as there was some downtrading, there was little shift in product loyalty. The reality was that Brand Jyothy rose to the challenge during this environment. Our net sales increased by 3.1% during the third quarter of the year under review when compared with the corresponding quarter of the previous year, EBIDTA increased 2.5% and net profit grew a much sharper 12% (standalone).

We have always professed that building trust-based consumer relationships will lead us to success, not just in numbers but in terms of enriched value. We believe in coordinating with different functions, integrating the company's core virtues into the system, strengthening the emotional connect and reinforcing the distributor-staff-organization relationship.

## Projecting the future

At Jyothy, it would have been relatively easy to predict the future. Rather, we engage in the more challenging task of projecting it. Our strong ear-on-the-ground approach enables us to gauge consumption insights first-hand, which we translate into productisation that results in a strong solutions-driven proposition.

Specifically, during the year 2016-17, with a view to take advantage of the Northeast as a large and relatively untapped geography, we invested in setting up three proximate manufacturing facilities in Assam for the manufacture of Ujala, Margo and Maxo liquid, the full impact of which will be reflected in 2017-18. These facilities also possess multi-year tax and fiscal benefits.

The proposed implementation of the Goods and Services Tax (GST) will have a positive outlook on the consumption sector; we foresee the unorganized sector vacating market share in favour of the organized FMCG industry. For frontline players like Jyothy, consumption tailwinds will not only be reflected in organic sectoral growth but also increase market share transfer to the organized sector of which we expect to emerge as an important beneficiary.

For us, winning in the marketplace means making the world a better place. At our Company, we have demonstrated a proven model; we desire to make a difference to consumer lives. We have a world-class team and we have important work to do. I am looking forward to all that we have targeted to accomplish in 2017-18.

With enthusiasm,

M.P. Ramachandran



# 2,190

No. of Jyothy products are sold every second



# ₹14.7

Revenue generated from every advertising rupee spent in India

# KEY PERFORMANCE INDICATORS (CONSOLIDATED FINANCIALS)

Net revenues  
(₹ crore)



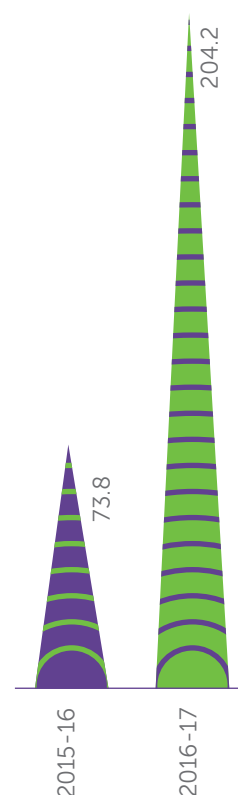
**Analysis:** Consistent growth in product offtake paired with a sustainable increase in average realisations led to a 5.4% revenue growth over the previous year.

Gross margins (%)



**Analysis:** Our aggressive focus on cost containment, process debottlenecking, value engineering and portfolio reorientation allowed us to rein in the fall in gross margins to 50 bps during a tumultuous year.

Net profit  
(₹ crore)



**Analysis:** Our net profit margin of 11.7% (FY2016-17) was among the best in the country's FMCG industry as our net profit increased substantially during the year under report.

Average debt cost  
(%)

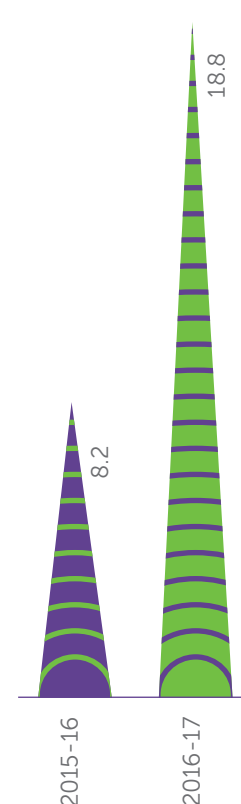
**Analysis:** A judicious channelisation of cash flows towards debt repayment, paired with aggressive rate negotiations led to a moderation debt cost, the impact of which will be visible in the next year.

Operating costs  
as a percentage of  
revenues (%)

**Analysis:** Our growing scale coupled with productivity enhancement and resource maximisation led to a 90 bps fall in operating costs as a percentage of revenues in FY2016-17.

Working capital  
cycle (Days)

**Analysis:** Enhanced brand recall, assured shelf space visibility, steady product offtake and strategically-formulated terms of trade helped us largely maintain working capital efficiency barring increase in receivables due to a higher share of sales to organised retail.

Return on capital  
employed (%)

**Analysis:** Efficient capital allocation led to a 1,060 bps increase in our ROCE on a y-o-y basis.



# "WE HAVE BEEN TAKING ADVANTAGE OF EMERGING FISCAL OPPORTUNITIES AND MOVING CLOSER TO KEY CONSUMPTION POINTS."

K. Ullas Kamath, *Joint Managing Director & Chief Financial Officer*



## **Please provide an overview of your performance during FY2016-17.**

In FY2016-17 we added ₹89.7 crore in incremental sales, representing almost 5.4% of our FY2015-16 revenues. This addition was achieved despite stiff sectoral competition, below-par monsoons and the demonetisation blow. Without the help of our consumers and our workforce, we would not have been able to win such an uphill battle.



## **What are some macro trends that put Jyothy at an advantage?**

Our capex investments in the greenfield plant at Guwahati was not only driven by the temptation of short-term fiscal incentives but because of the sustainable economic vitality of the region. While it is difficult to predict how the consumption landscape will change in any given year, the long-term prospects remain bright. A growing population and increasing per capita incomes (expected to reach ~ ₹1 lac during FY2017-18) will take India's consumption growth levels to new heights. Besides, in emerging economies like ours, the middle-class has emerged as a key growth driver by constantly demanding more effective and efficacious FMCG products. The growing influence of technology is not only driving global inter-connectedness but also creating new risks. Organised player like us need to come up with farsighted solutions. Finally, raw material constraints have caused sectoral players to shift their focus in favour of sustainable sources. At Jyothy, we are attractively positioned to address these challenges because at the heart of our success lies our ability to develop cost-effective, relevant and solution-oriented products.



## **What were some of the other interesting developments to have transpired during the year?**

In India, the earning-consumption cycle is longer than in most geographies with higher or similar per capita income levels. However, we are witnessing faster

consumption on the one hand and deeper category penetration on the other. Just consider: in a country as large and as vast as India, the detergent and soap categories account for only 40% of the overall penetration. As the country urbanises, becomes younger and enhances employment opportunities, our growth prospects will brighten as well.



## **What is your take on demonetisation?**

Though demonetisation came as a bolt from the blue, it proved to be a shot in the arm for us. We adjusted to the fleeting cash crunch through smaller SKUs of fast-moving products. We engaged in a more thorough credit appraisal, which led to inflows of long-pending trade receivables and tightened trade terms. Concurrently, we helped our dealers and other sales points clear stock levels, while building the onward capacity to stock so that we could be ready to flood the market with our products as soon as the tide turned. As an outcome, we were able to control revenue de-growth to 7.8% during the third quarter, compared with the second quarter. As anticipated, following normalisation, our Q4 revenues increased at a healthy 17% on a lower base of the third quarter revenues. This highlights our ability to restore demand with speed among our loyal consumer base.



## **What were some of the key investments undertaken during FY2016-17?**

Over the years, we have been investing consistently in shoring our manufacturing capacities, taking advantage of emerging fiscal opportunities and moving closer to key consumption points. In line with this, we set up three showpiece adjacent manufacturing units in Assam (commissioned for ~ ₹30 crore) during the fourth quarter of FY2016-17. These additional production capacities, geared to manufacture a higher proportion of low-priced units of three power brands, will reinforce our presence in the North East and enable us to cater to markets in Northern India.



**Please comment on the EBITDA margin which the Company achieved in FY2016-17.**

We achieved a strong EBITDA margin in FY2016-17, which is among the highest following the Henkel acquisition. Improved operational efficiencies and determined teamwork helped us achieve this target. We believe that we will be able to sustain EBITDA margins at ~15%, going forward.



**Are we exploring data analytics?**

This is a good point and yes, if we were to look through a long-term lens, there is definitely an inclination to use big data. Data analytics will make it possible to project trends and capitalise faster. Through the cutting-edge SAP (S4 HANA) system that went live on 1 April 2017 we will be able to glean incisive insights that strengthen our business forecasting.



**How was the Company able to counter challenges in 2016-17?**

Our culture has always been an entrepreneurial and experimental one. For instance, we launched the Pril tub during the year under review. We dared to accept the challenge of shifting consumer perceptions from stinky starch to a cloth enhancer like Crisp and Shine. In the past too, we had taken chances like launching Exo in a marketplace crowded by international players. We responded like a small company with courage would and the results are there for everyone to see.



**Is the Company specifically targeting the bottom-of-the-pyramid segment?**

We make products that address everyday requirements of the mass segment and allow us to penetrate deeper into the marketplace. Although disposable incomes in India are growing, it is more important to realise by how much the per capita income at the bottom-of-the-pyramid has improved. The primary challenge for the rural market is accessibility (physical and informational)



The implementation of GST, the promise of good monsoons and increasing rural expenditures makes us believe that we can target a 12% growth in revenues.





"We strongly believe in understanding consumer expectations – stated and unstated. Our decentralised model lends us the ability to take decisions with speed and capitalise effectively on incipient opportunities."

which gets manifested in the form of heightened distribution and promotional costs. We believe that by fortifying our distribution network we can make the most of the rural boom. Looking ahead, we aim to scale our rural coverage to 25% by FY2017-18 by bolstering our information systems, increasing the number of SKUs, resources and creating a palpable presence across price points.



#### **Is the Company largely geography-neutral?**

Yes, and that is because we operate on the basis of a philosophy that puts quality at the forefront. We do not make cheap products just to reach the bottom-of-the-pyramid. We may lower our price point but we never compromise on quality. This is what Jyothy represents for customers – 'value-for-many'.

Currently, we derive ~60% of our sales from urban centres and the rest from rural. However, the rural sector is growing at an accelerated pace and has a great potential to develop further. Hence, we expect the division of sales to get more even in the years ahead.



#### **What are some of the emerging trends in the Indian FMCG market? How is Jyothy planning to capitalise?**

Firstly, there has been a shift towards health, wellness and allied products. People are more cautious about their health now than before. Secondly, more people shifting towards natural products as opposed to synthetic ones. Thirdly, the emergence of online retail stores has been counterpointed by mom-and-pop stores taking a backseat. As a result, even in difficult times, there is room for superior products to make an impact as long as they offer value-for-money. We leveraged our longstanding presence in the segment to enhance our quality quotient and enhanced our presence

in the natural product categories with brands like Neem and Margo.



#### **How is Jyothy Laboratories different from other FMCG companies?**

There are three key principles that have set us apart. Firstly, we strongly believe in understanding consumer expectations – stated and unstated. Second, our decentralised model lends us the ability to take decisions with speed and capitalise effectively on incipient opportunities. Thirdly, our in-house manufacturing capabilities offer better quality products in a pocket-friendly manner. Our superior logistical network allows us to reach 6,000 villages. These are the facets, which make us stand apart from the rest.



#### **What is your outlook for 2017-18?**

The implementation of GST, the promise of good monsoons and increasing rural expenditures makes us believe that we can target a 12% growth in terms of our revenues. Further, GST will be implemented after undertaking studies to align our business model with the emerging reality. In terms of our geographic coverage, we plan to cover a larger swathe of rural India as well as create a presence in other major consumption points. We are appraising product extensions even as we continue to plug consumer needs with relevant products.

Some of the other initiatives undertaken include the following:

- Re-launch Margo with a new formulation
- Implement SAP across the organisation
- Introduce a unified sales platform to link dealers and distributors
- Use analytics and big data to enhance business intelligence



## BRAND PROMOTIONS

At Jyothy Laboratories, a company that is engaged in differentiated innovation, we enjoy a legacy of developing products that provide tangible customer value. Through the identification and articulation of this value, we are able to formulate strategic and insightful brand communication.



**MAXO GENIUS**  
MAXO ON. MOSQUITOES GONE.

Hated by mosquitoes.  
Loved by you.  
Thank you India!

**VOTED PRODUCT OF THE YEAR**  
Customer Survey of Product Innovation  
2017

Winner in Insect Repellents Category. Survey of over 2,000 people by Nielsen.

«AUTO-SHIFT» INTELLI CHIP

The machine starts in **HIGH MODE** to give instant vapour blast to counter initial mosquito menace and switches automatically to **LOW MODE** for steady protection all night.

## Product report: From the Director's desk



### Jyothy Laboratories is synonymous with innovation.

We believe that the only route to win in a competitive market is to create robust products in terms of formulation, packaging and communication. During 2016-17, we continued to do precisely that and I am happy to state that the results have been positive.



Maxo deemed as 'Product of the Year 2017' by AC Nielsen in the insect repellents category

### Product innovation

In August 2016, we launched the advanced Maxo Genius machine that was well received. After embracing what we know best – taking comprehensive customer feedback – we came to realise that most other machines had some standard features that included a 'high' and 'low' intensity mode. Depending upon the mosquito infestation, the user usually 'fixed' the mode. However, what normally used to happen was that the user turned the machine to a 'high mode' and forgot about changing to the 'low mode' when the infestation was under control. This resulted in

higher liquid consumption (with the liquid finishing in 15 days when it was supposed to last 45 days), increasing cost and frequency of purchase.

At Jyothy Laboratories, our Genius machine is programmed in a manner that it switches on by default to the 'high' mode and, after some time, automatically stabilizes to the 'normal' mode. This engineered product has been designed to create a strong marketplace differentiation. It preserves the liquid content over a longer period of time, thereby circumventing the need to enhance purchase frequency, enable the customer to adhere to keep within the

household budget and control the mosquito menace.

I am happy to mention that the Maxo Genius machine was voted a winner by consumers nationwide in a 100% face-to-face interview by AC Nielsen in the 'Product of the Year 2017' competition. The product won in the insect repellents category.

### Packaging innovation

We introduced our utensil brand Pril in a 500g SKU in an innovative tamper-proof box, a first of its kind in the category. The bar comes with active boosters in the form of blue speckles for a superior grease-cutting performance. In addition to the superior product and packaging, the pack comes with a free scrubber, adding more value to the end consumer. The new mix was backed by strong communication. The new launch garnered positive feedback from the market and is poised to make a big leap in the dish wash bar space in the coming year.

Brand Margo, with a heritage of 96 years, went through a complete makeover in 2016 and is poised to take a giant leap in the natural ingredients-based soap category with unique skin-care benefits. Margo Original Neem promises to offer the goodness of 1000 neem leaves with added Vitamin-E for extra moisturizing. We have backed the restage with strong brand communication and believe that the marketing mix alongside the growing demand for natural

ingredient-based personal care products will take the brand to the next level.

### Communication innovation

When we extended the sales of Ujala Crisp and Shine to Tamil Nadu from its principal Kerala market, we embarked on new communication to extend the product's imagery to imparting an 'Executive Look'. This 'Executive Look' is an important point because a number of attributes are associated in terms of greater confidence. We roped in actor Surya, who enjoys immense popularity in Southern India, as brand ambassador. Ujala Crisp and Shine comes in three floral variants in attractively-packaged bottles.

### Going Forward

At Jyothy Laboratories, we intend to build on the gains accrued out of our research and innovation-centric initiatives and offer unmatched value in product offerings to consumers. Our consistent efforts in creating a marked differentiation in the value we offer will help us grow faster and strengthen our niche position in all the product categories that we operate in.

Best wishes,

**M.R. Jyothy**

*Chief Marketing Officer & Director*



Brand Margo, with a heritage of 96 years, went through a complete makeover in 2016 and is poised to take a giant leap in the natural ingredient-based soap category with unique skin care benefits.



## Consumers speak





**Bhaiyya, ek Exo bar dena.**

**Nahin memsaab. Main aaj  
aapko kuch aur doonga.**

**Nahin bhaiyya, mein chali.  
Thank you!**

**Arre memsaab, suniye toh!**

**Ab kya?**

**Mein keh raha tha ki aaj aapko  
mein Exo Round doonga!**

**Memsaab, yeh Jyothy  
Laboratories ka kamaal hain.**

**Yeh sach hai kya?**

**Aur round honay ke kaaran,  
yeh bartan ki jamke safaai  
karta hain. Iss me chamatkaari  
'Anti-Sogg' formula bar ko  
paani mein jaldi pighalne bhi  
nahin deta!**

**Arre wah!**

**Plus yeh anti-bacterial hai.  
Bartan isse swacch rehte hai!**

**Exo Round ke liye kitna doo?**



## Consumers speak







Arrey Pinky, pataa hai kal raat ghar mein kya hua?

Aag lagte-lagte bach gayi.

Woh kaise?

Mosquito card jal rahaa tha aur Rohan ne bhool se pankha chala liya. Toh card carpet par udd kar ulta gira. Yeh toh accha hua ki Rohan ne turant phoonk maar kar spark bujha diya.

Arrey, yeh toh dangerous kissa tha. Seema, tum ek kaam kyon nahin karti? Tum Maxo ka Magic Genius Card kyun ghar mein nahi le aati?

Maxo Magic Genius Card mein kya nayaa hai?

Genius card hai. Yeh card stand ke saath aata hai. Jab card ko stand par laga diya toh uddne ka koi chance nahi! Yaney ki card bhi jalta rahen, aur pankha bhi!

Aur-to-aur, Maxo ka 'Swift Action' formula maccharo par bada bhari padta hai!

# BUSINESS COMPETENCIES



## Entrepreneurial

Jyothy is a family-owned enterprise with a deep respect for professional entrepreneurship. This culture enables it to take on-ground decisions with speed. The Company believes in building trust, fostering collaboration and learning from mistakes. With a transparent and open-door policy, it welcomes every small idea; it believes that small ideas can have a big impact if executed properly. The Company focuses on enhancing people skills, enabling them to realise their potential and keeping them engaged in a productive manner.



## Responsible

The Company's manufacturing facilities operate in complete compliance with established regulations. It focuses on exploring solutions that minimise its environmental impact. The Company optimises the use of finite natural resources like water, whose consumption in manufacturing activities has declined over the years.



## Widespread

The Company's distribution supply chain resides at the heart of its sectoral supremacy. As a consumer-friendly enterprise, the Company has developed a wide and deep distribution network propelled by the ideology that 'if they grow, we grow'. The result is a pan-Indian network comprising 1,400 stockists, 260 super-stockists and ~4,000 sub-stockists. This expansive network enables it to replenish stocks and maximise shelf space visibility.



## Technology-driven

Jyothy invested in best-in-class technology for employee performance mapping, tracking secondary sales and distribution as well as inventory management. It is in the process of creating an Android app version of its employee portal. The Company plans to integrate business intelligence in its SAP module to automate financial budgeting.



## Mass-premium

Jyothy occupies a unique positioning in meeting mass-premium needs. In an aspirational India with growing incomes, it manufactures world-class quality with premium packaging around a cost-effective proposition. It possesses strong presence in the country's FMCG sector (detergents and fabric whiteners, our mainstay), manufacturing products essential to most household monthly spends.



## Hands-on

Through a reverse auction process, the Company reduced its supply costs and enhanced stock replenishment. Besides, the Company partnered IT-enabled logistics firms and vendors to ensure cost-effective market access.



### Well-known

As one of India's most respected FMCG companies, Jyothy is proud to have created several category-defining brands from scratch. For instance, its Ujala brand brought about a paradigm shift in the realm of the fabric whiteners. Margo is the de facto Neem-based soap brand across India. Besides, the Company extended its focus from the southern part of the country to other parts, ensuring a pan-India visibility. It possesses six Power Brands – Ujala, Henko, Maxo, Margo, Exo and Pril. Sales from Power Brands resulted in 4.4% growth for the year under review. The Company offered better products following in-depth research. To keep the marketplace excitement alive, the Company re-launched brands in the constant pursuit of providing a consumer surplus.



### Customer-centric

The Company has always been obsessed with serving consumer needs – stated and unstated, met and unmet. It develops products after engaging in extensive research. Being a homegrown FMCG company, it enjoys a strong grassroots connect, enabling it to convert consumer insights into relevant products. For example, when it realised that typical fabric whiteners imparted a 'yellow white' colour to the fabric, the Company manufactured Ujala, providing an 'executive look' based on the fabric's crispness and shine.



### Innovative

In the FMCG space, the ability to innovate strengthens a company's visibility and market share. In cognisance of this reality, Jyothy invested towards bolstering its manufacturing, technological and procedural capabilities. For instance, it altered Pril packaging to put the bar into a tub, strengthening product durability. The Company added a scrubber inside the box to enhance user convenience. It focused on re-launching products with improved formulation like Ujala Crisp and Shine, which represent a superior version of the Ujala Stiff and Shine. This helped the Company emerge as the top-ranking brand in Kerala and Tamil Nadu within a few months of launch.



### Robust

Thirty-four years ago, when the Company started as a small business, its rigorous research helped it come up with a marketable FMCG product – Ujala. Jyothy now owns and operates two in-house R&D centres, which are relentlessly engaged in developing product formulations that offer effective and efficacious solutions. Its unwavering focus helped it extend to the household insecticides segment (Maxo coil and liquid). The Company's product re-launches have been based around differentiating itself from me-too products in the market.



### Focused

Jyothy studies the market gaps and creates products that ensure faster offtake. The Company's strategic communication initiatives enhance awareness about products and properties. It positioned the Maxo Genius Magic Cards in areas where it could supplement Maxo vaporiser sales.



### Enduring

The Company creates win-win relationships with consumers. It leaves a mark in all the segments it enters. The Company makes its brands 'talk' as it connects deeper with its targeted segment. The Company takes interest in the businesses of its stakeholders and invests in the businesses of the best-performing ones.



### Quality-obsessed

The Company does not pay lip service to qualitative excellence; it lives it. Though the Company reaches out to the bottom-of-the-pyramid, it never compromises quality. By partnering reliable raw material suppliers and packagers, it matches and raises sectoral benchmarks. Besides, the Company invests in developing third-party suppliers, helping them grow while ensuring seamless supply chain operations.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Global economic overview

Global economy growth continued to stagnate following slow trade, low investments and policy uncertainties in advanced economies. The 2016 fiscal was defined by the UK's decision to leave the EU and the election of Donald Trump as the US President. Both events are expected to have long-term effects on the global economy. Consumers continued to spend cautiously with expenditure increasing by just 2.4% in real terms over 2015, well below the corresponding increase in disposable incomes. However, the Asia-Pacific region saw a marked increase in expenditures. Global growth in 2016 was estimated at 2.3% by the World Bank and was projected to rise to 2.7% in 2017. Growth in emerging markets and developing economies is expected to pick up in 2017 on the back of the removal of a number of obstacles for commodity exporters and continued domestic demand for commodity importers. The main factors that could weigh on the medium-term growth prospects across many emerging markets and developing economies are weak investments and below-par levels of productivity. (Source: World Bank, Euromonitor)

## Indian economic overview

India's GDP grew at 7.1% in FY17 versus a revised 8% (7.9% as per previous estimate) in FY16. India's GDP growth in the January-March quarter was lower than China's 6.9% for this period. Demonetisation had a pronounced broad-based impact on the economy in the fourth quarter. Despite a sequential slowdown, agriculture and mining sectors held up with consumption being robust. Manufacturing, construction and major services were hit by the currency squeeze, pulling down real gross domestic product (GDP) growth in Q4FY17 to 6.1% from 7%.

Over the last 30 years, India's growth performance has been robust, backed by policy reforms that have made India more open to flow of goods and capital. The challenges that India faces include ambivalence about property rights and the private sector, deficiencies in state capacity, especially in delivering essential services, and inefficient redistribution of capital. The growth rate of the industrial sector was estimated to moderate to 5.2% in FY 2017, down from 7.4% in FY 2016. The country's IIP registered a modest growth of 0.4% during the April-November period of 2016-17. With Rajasthan, Madhya Pradesh

and Maharashtra receiving 20% more rain than the usual, the agriculture sector is expected to grow at an above-average level of 4% on a weak base caused by two consecutive poor monsoons. This should lift the sagging rural demand and, by extension, the GDP growth rate. The major impetus is expected to come from the farms as non-agriculture growth is pegged to pick up by 10 bps over the previous fiscal to 8.6%. The Union Budget for 2016-17 came in the context of a fragile economic situation. It was not just the stress in the rural economy, which caused a steady decline in real wages as well as lowered farm incomes, there was also the slowdown in the manufacturing segment and a rising incidence of NPAs. The Union Budget for 2017-18 set aside ₹48,700 crore for the MNREGA scheme to strengthen skill development. (Source: Crisil, HT)

## Outlook

The near-term growth outlook for India seems brighter than during the last fiscal. The growth forecast for the next fiscal has been trimmed by 40 bps. This has been primarily due to the temporary negative consumption shock induced by cash shortages and payment disruptions associated with the currency note withdrawal

## Growth

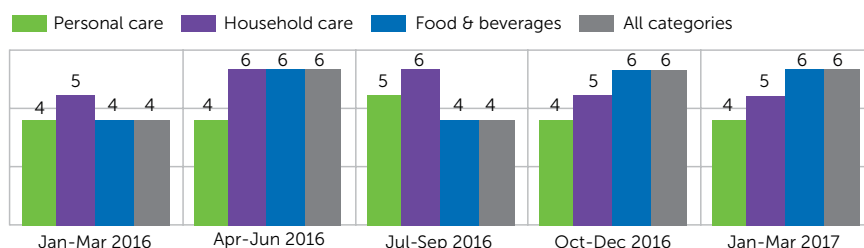
	2016	2017	2018
Global economy	3.1%	3.4%	3.6%
Advanced economies	1.6%	1.9%	2.0%
Emerging market and developing economies	4.1%	4.5%	4.8%

(Source: IMF)



## India's FMCG sector is the fourth-largest in India

### Quarterly sales volume growth for FMCG categories (%)



(Source: <http://www.tradingeconomics.com>)

and exchange initiative. Subsequently, India's GVA growth is likely to stay at 6.6% as economic activity will take time to normalise. The imminent implementation of the GST will boost interstate trade by ushering investments, reducing supply chain-related issues, improving economies-of-scale and cutting overheads.

(Source: IMF, ICRA)

### Indian FMCG industry – a sectoral overview

The FMCG sector has grown at an annual average of 11% over the last decade. The combination of macroeconomic factors like higher disposable incomes (expected to grow at a CAGR of 20.6% till 2020) unprecedented rural development (accounts for 40% of the overall FMCG market in revenue terms. For the past few years, the retail sector has been growing steadily and is estimated to reach US\$ 1 trillion by 2020 from US\$ 600 billion in 2015. The modern trade vertical is expected to grow at 20% per annum and expected to boost revenues of sectoral players over the foreseeable future. According to market research firm AC Nielsen, the per capita FMCG consumption in India was pegged at US\$ 29 (accounting for 2% of India's GDP). The Indian consumer sector has grown at a CAGR of 5.7% between FY2004-2005 to FY2014-2015. Annual growth of the Indian consumption market was estimated to be 6.7% during FY2015-20 and 7.1% during FY2021-25 on the back of better access to information,

increasing digitisation, rampant e-commerce growth and changing lifestyles. Case in point: consumer spending is likely to increase to US\$ 3.6 trillion by 2020, with the bulk of it taking place in segments like food, household, transport and communications.

### Outlook

India's share of global consumption is also forecast to double to 5.8% by 2020. The overall FMCG market is expected to grow at a CAGR of 14.7% to touch US\$ 110.4 billion by 2020 and the rural FMCG market is anticipated to clock a CAGR of 17.7% to reach the US\$ 100 billion-mark by 2025. (Source: IBEF, Boston Consultancy Group)

### Segmental performance

The Indian FMCG industry, which is primarily targeted at the middle-class and the bottom-of-the-pyramid segments is estimated to show significant growth in the next few years as per capita incomes continue to rise, media exposure proliferates, branding exercises intensify, rural awareness increases and product variations multiply. The global household cleaners market, which includes floor cleaners, kitchen cleaners, bathroom cleaners and fabric care, among others, were valued at ~US\$ 25.50 billion in 2016. This niche vertical is expected to grow at a CAGR of 4.8% from 2017 to reach US\$ 33 billion by 2022. Consumer demand in this segment has risen amidst increasing



### Prime factors boosting consumer spending in India

- Budgetary provision allowing reduction of tax slabs of corporates and individuals
- Substantial rise in per capita incomes (10.2% for FY17)
- Post-demonetisation slashing of lending rates
- Growing preference for e-payments
- Increasing demand for quality products
- Fluctuating spending patterns



The overall FMCG market is expected to grow at a CAGR of 14.7 % to touch US\$ 110.4 billion by 2020 and the rural FMCG market is anticipated to clock a CAGR of 17.7 % to reach the US\$ 100 billion-mark by 2025.

awareness regarding environmental issues, aggressive promotion strategies and keen emphasis on key aspects like hygiene, innovation and pricing, among others. Recent product-oriented R&D initiatives have resulted in the emergence of retrofitted products like lint removal detergents and fabric-specific conditioners, among others. The Indian fabric care market has grown at a CAGR of > 9% over the past five years and is expected to register double-digit growth rate within the next five years. The Indian home care industry also has shown potential to reach ~US\$16 billion in revenues by 2020. The personal care market in India is estimated to treble from US\$6.5 billion in 2016 to US\$20 billion by 2025. (Source: <http://www.businesswire.com>; <http://businesseconomics.in>, ASSOCHAM, Zion Market Research)

### FMCG sector – cost drivers

- Debottlenecking of logistics and distribution networks
- Securing raw materials
- Warehousing and inventory management
- Promotion campaigns and brand-building
- Offering discounts and other incentives
- Ensuring a significant share of shelf space in stores
- Leveraging the aspirations of a growing economy

### FMCG sector – sales drivers

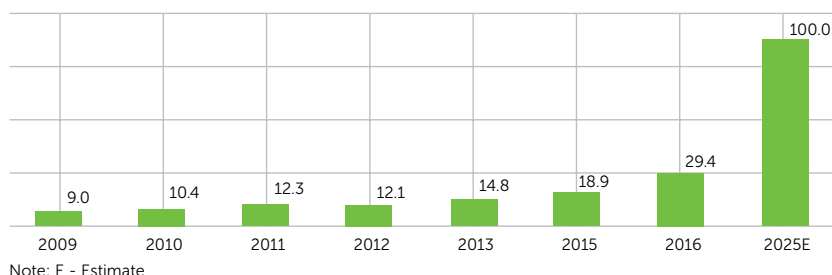
- Growing preference for online retail and grocery apps (Grofers, Bigbasket, among others)
- Increasing market penetration of different FMCG companies in line with changing lifestyles
- Growing disposable incomes
- Rising demand for quality products
- Evolving product mixes
- Swelling awareness and ease-of-access
- Growing preference for promotions via social media

### Future prospects

With bank lending rates coming down following demonetisation as well as lower tax slabs for individuals, could increase demand for FMCG products. The impending GST regulation is also expected to benefit the Indian FMCG industry by reducing taxation costs. Mobile applications, online grocery shops like Grofers, Bigbasket, among others, as well as emerging markets for modern trade, placing products in supermarkets and hypermarkets, excellent distribution networks, cheaper logistics have revolutionised the Indian FMCG market. Shifts in consumer buying patterns (from need-based to aspirational) as well as increasing per capita incomes have allowed the economy to prosper. In the years ahead, the industry is expected to make the most of capital

### The Indian rural FMCG opportunity

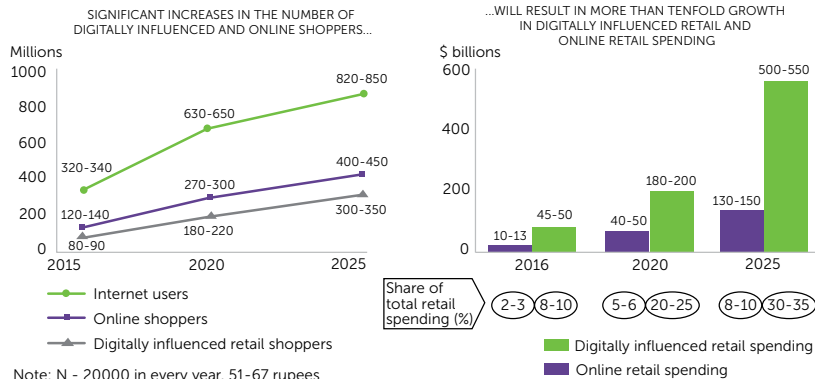
Rural FMCG market (US\$ billion)



(Source: <https://www.ibef.org>)

## The digital influence on spending patterns

### Digital influence will far surpass online spending



(Source: Boston Consulting Group)

coming in from foreign investors, regular monsoons, unprecedented growth in the service industry and various government initiatives.

### Governmental measures

The Government of India has allowed 100% FDI through the automatic route as far as online retail sales of goods and services are concerned. Most FMCG companies are shifting loyalties from local groceries to online retail chains. The Central Government has mandated that

industrial licenses are no longer required for processed food and agro-based industries, aiding the FMCG industry. The rural segment accounts for ~30% of the FMCG revenues. Recent initiatives undertaken to foster agricultural development (MGNREGA and PMGSY) could lift the socioeconomic status of people residing in these geographies and harness demand for FMCG products. The Central Government has allocated ₹1.87 trillion towards rural development. The decision

to reduce tax rates of individuals earning ₹0.25-₹0.50 million to 5% will heighten disposable incomes and propel demand. The Bharat Net Project will aim to provide broadband connectivity across 150,000 gram panchayats with hotspots and digital services at pocket-friendly rates. This will allow online retail channels to access uncharted territories.

### Business drivers

#### Operations and manufacturing:

In the FMCG industry, competent manufacture ensures that customer needs are addressed within the shortest time around the highest quality standard. Jyothy has a robust manufacturing set-up which ensures products reach the market at the right time. The Company has manufacturing facilities spread across various locations in India and it is constantly planning on capacity expansion to cater to consumer needs. The Company is setting up three new manufacturing units at Guwahati in the North-East to capture better market share for the three Power Brands, namely Maxo, Margo and Ujala.

## SWOT analysis

### STRENGTHS

- Adequate access to raw materials
- Balanced mix of value-for-money and aspirational products
- Extensive distribution channels
- Cost-competitive logistics
- Skilled workforce
- Advanced R&D

### WEAKNESSES

- Stiff competition
- Need for constant innovation
- Low margins derived from products targeted towards the lower rungs of the economic pyramid

### OPPORTUNITIES

- Rural development
- Increasing disposable incomes
- GST obviating the need to pay 'double taxes'
- 100% FDI in online retail via automatic route to catalyse the influx of foreign capital
- Growing preference for e-commerce modes

### THREATS

- Existing competitors
- Emergence of new players following the demonetisation measure
- Increased duties and cess following GST implementation
- Foreign players foraying into the sector

The Company's revenue from operations increased from ₹1,657.7 crore in FY2015-16 to ₹1,747.4 crore in FY2016-17 on the back of volume and value growth, aided by new product launches.



The manufacturing plants for Maxo and Ujala are fully-automated and will raise output, reduce labour dependency, more products and generate higher revenues. It identifies the gap in hardware and machines and resorts to upgradation for a more evolved manufacturing process. Out of the total production, internal manufacturing units account for about 70% while the rest is outsourced to third party units. The Company believes in building enduring relationships with raw material and packaging suppliers, which helps the manufacturing and distribution process in creating new products in line with changing demands. JCPML (formerly Henkel India Marketing Limited) was merged with the Company. All the assets and liabilities of JCPML were recorded at their carrying value. Subsequent to the JCPML merger, JLL standalone will represent its FMCG business and the Company looks forward to expand its operations more effectively. The Company partnered new vendors who supply its raw materials and other commodities for reducing input costs and enabling it to offer better pricing through a cost-plus model. The Company invests to develop Tier-II vendors and takes the opportunity to grow as they grow. It is planning to create vendors close to its manufacturing units to capitalise on the cost advantage and consolidate vendors post GST.

### Research and development

Jyothy has a keen focus on research and development, to offer everyday essentials of better quality to consumers. The Company has two in-house research and development facilities, where its teams work relentlessly to check and modify formulations and come up with improved solutions. The Company identifies the key challenges in everyday life of consumers and creates products that meet their needs. The Company came up with Ujala when existing players in the

market offered 'yellowed white' and changed the perception about white on the whole. It created Maxo magic cards with a holder, when it identified how difficult it was to put on the fan and use coils as mosquito repellants. The Company has 8-10 professionals working full-time in its research and development labs. The Company invests in strategic resource allocation to make sustainable products. It focuses on advanced research and development to create differentiated products with unique ingredients. This eventually helps it penetrate deeper into the market. In case of Exo, the Company modified formulations to bring more shine, the anti-bacterial touch and useful container packaging. The Company plans to change formulations for its natural product in the soap category i.e., Margo with improved quality through advanced research and development and process improvement. The Company competes with itself to pass on better consumer durable products to consumers.

### Distribution

The Company has a robust distribution network; its distributors have been with it for years showing their commitment towards a smooth delivery of its products. Jyothy has multiple distributors taking care of stock replenishment in different retail outlets and groceries just-in-time. Its distribution network comprises 1,400 stockists and 4,000 sub-stockists catering to the growing need of consumers in a timely and cost-effective manner. The Company followed a structured reverse auction process for the past four years for the selection of its logistic partners which resulted in about 3% reduction in price through negotiation. Currently, the Company has over 30 logistic partners pan-India transporting 80% of its raw materials/finished goods and is planning to shift from broker-driven to IT-enabled logistic partners to automate ordering, allocation and



delivery process. The Company connects to direct distributors via a secondary sales software named Lakshya, and it also has another channel that connects with the super-stockists, who in turn connect with the sub-stockists using 'Jyothy Aadhar'. Jyothy partnered with online app company, Bigbasket, to reach consumers in the shortest possible time. It invests in the business of its distributors and suppliers since they are a part of its business model and as they grow, it grows. The Company plans to shrink its replenishment cost and time through the use of data analysis. Its modern trade processing has been 60% centralised and it looks forward to make that 100% by the next year.

### Prudent financial management

The Company's revenue from operations increased from ₹1,657.7 crore in FY2015-16 to Rs.1,747.4 crore in FY2016-17 on the back of volume and value growth, aided by new product launches. The Company's revenues comprised increased earnings from the sale of fabric care products, household insecticides, personal care products, dish-washing products and laundry services. Operating EBITDA stood at ₹256.9 crore in FY2016-17, compared with ₹238.3 crore in FY2015-16, representing a healthy 7.8% growth. The demand for FMCG products increased manifold over the years and the Company reported steady earnings growth in competitive markets. Net profit improved owing to improved efficiency in operations, tax exemptions and reduced costs. The Company's PAT increased exponentially at 176.6%, from ₹73.8 crore in FY2015-16 to ₹204.2 crore in FY2016-17. EBITDA margin improved to 14.7% from 14.4% in FY2015-16, following improved cost management, operational efficiency and

increased product variation and premiums. The financial growth reflected in the earnings per share as well, which grew 175.7% from ₹4.1 to ₹11.2.

### Human resources

The Company's brands are its assets and great brands are built with inspired employees. The Company's employees are entrepreneurial, innovative, dynamic and driven by a strong sense of ownership. Their performance is reflected in the ability to counter market dynamics with agility. Jyothy Laboratories believes in an open-door policy with its senior management being quite approachable. All employees have well-defined performance parameters (KRAs), which are aligned to the organizational goals and form the basis of performance evaluation; the Company possesses a 2,400-strong employee team.

The Company aligns its HR strategies towards skills development and, in collaboration with Teamlease Skill University, enrolled as many as 133 members for skills development in FY2016-17. Moreover, to enhance employee skills, the Company provides internal as well as external training to its employees. These training sessions are provided across the job function or for soft skills development. The training not only helps enhance skills but also enhances workplace productivity.

All Company employees and their families are covered under the Company-sponsored Group Medical Insurance to take care of their medical expenses in case of ailments or exigencies. Jyothy also offers employees a voluntary group medical policy for parents or in-laws.

The Company organizes a number of employee engagement

programs conducted from time-to-time to keep employees energized and productive.

Jyothy's IT and HR functions work hand-in-hand with all HR processes fully-automated – from joining to retirement. The Company recently upgraded its payroll platform to SAP. Employees are provided with JConnect, an online employee portal that not only provides employee services but also represents a platform for engagement. JConnect Mobile, an Android and iOS mobile app, allows employees to complete tasks like applying for leaves even when they are outdoors, through the mobile phone.

The Company believes and works towards women empowerment, which is evident from its gender mix; almost 20% of the total employees are women (as on 31 March 2017). Under the corporate and manufacturing functions, the number is still higher at 24% and 34%, respectively. The Company also possesses a strong counter-sexual harassment policy.

### Information technology

Jyothy Laboratories has invested extensively in developing its IT infrastructure to improve performance efficiency and productivity and has also built a strong distribution network. In an important development, since 1st April 2017, the Company successfully implemented SAP S4 HANA across all its business functions, becoming one of the first companies to be on this latest version of SAP. The Company also plans to implement modules like Business Planning and Analytics and FIORI on the HANA platform.

In yet another development, the secondary sales software 'Lakshya' was upgraded from the previous version to 'Lakshya 2.0', improving distributors' secondary sales, claims processing and inventory

management. The Company also introduced 'Jyothy Aadhaar' a distributor management system for super stockists. While Lakshya provides visibility at the distributor and super stockist' points, Jyothy Aadhaar provides a link between the super stockists and sub-distributors. It helps to provide seamless information about various Company schemes as well as disseminates information related to secondary sales and inventory at distributor points.

The Company's online employee portal 'JConnect' available across web, Android and iOS versions, acts as a one-stop platform for all HR-related activities like attendance, pay slips, Form 16, etc and also enables employees to manage and apply for leaves, outdoors etc.

As the next step, the Company will be focused on implementation of GST and making the necessary alterations in its IT systems for being GST-ready. The focus during the next year will be on business intelligence and automation of financial and operations budgeting and other related information.

### Risk identification and mitigation

Risk is an inevitable concern for any business. We, at Jyothy Laboratories identify major risks arising out of various internal as well as external scenarios that may impact the revenue generation of the company. We devise effective business strategies and plan ahead to mitigate the risks through our business activities.

**Economic risk:** Economic slowdown can affect the demand and the sales for the company

**Mitigation:** The Company has a diversified product portfolio that generates robust sales from either of the category to balance any

uncertain circumstance. It has devised product specific strategies that help understand closely the cash flow cycle of Indian consumers, thereby hedging the risk.

**Compliance risk:** Non-compliance of regulations may raise the operational risk for the company

**Mitigation:** The Company has a structured internal control system in place to ensure all statutory rules and regulations are met including changes in taxation and other regulatory framework.

**Supply chain risk:** Inadequate supply of material may hamper the revenue generation for the company

**Mitigation:** The Company has built enduring relationship with their distributors for years. It has invested in developing advanced information technology software capable of forecasting demand based on historical data. The supply chain management system is designed to align raw material sourcing and manufacturing, leading to improved inventory management, optimum resource utilization and smooth distribution upending the working capital. The Company has a transport module for service level improvement focusing on channel-wise service to minimize stock outs.

**Raw material risk:** Inability to procure raw material can reduce margins

**Mitigation:** The Company employs people having vendor management skills that ensure smooth flow of raw materials for manufacturing operations. The Company leverages long-term relationships with suppliers to secure raw materials at the lowest cost through better negotiation.

**Competition risk:** Increasing competition from new entrants as

well as exiting ones

**Mitigation:** The Company manufactures quality products and offers them at a reasonable price to reach people through communications via different media. It undertakes extensive promotion and advertising to create value, positioning and recall for the powerbrands.

**Human resources risk:** Employee attrition may affect the operations of the company

**Mitigation:** The Company encourages new talent and provides specialized training to the sales force to ensure the roots are grounded well, improving the performance standards and positively contribute towards the growth of the company.

**Seasonal risk:** Sluggish sale of products due to seasonal changes may affect profitability

**Mitigation:** The wide-ranged product portfolio of the Company helps hedge against the seasonal ups and downs.

### Internal control system

The Company has an adequate internal control system that ensures the business procedures are conducted with compliance to the standard rules and regulations. The key business processes are all documented. The financials of the company are recorded in conformity with the general accepted accounting practices. The internal processes abide by the government regulations, company policies and financial reporting standards. There is an audit committee that monitors and reviews the processes and recommends any changes to be made. The management reviews the processes and necessary actions are taken to ensure prudent business operations.

## AWARDS WON

At Jyothy Laboratories, the year 2016-17 was eventful during which we were recognised for a new product launch and for innovation in IT. In addition our HR head received a prestigious award instituted by CHRO Asia.



Mr. M. P. Ramachandran, CMD, was selected as one of the finalists for the prestigious 'EY Entrepreneur Of The Year 2016 India Award'.



### IT awards

- DQ Vertical Warrior Award for Innovative use of Technology in FMCG Vertical
- IDC Insights Award for Excellence in Operations 2016
- CIO 100 – Intelligent Enterprise Champion Award by IDG



### HR awards

Most Influential HR Leaders in India by CHRO Asia

### Product awards

Maxo Genius LV - Product of the Year Award



## Business segment review

# FABRIC CARE SEGMENT

Number of products	6	Revenues, FY2016-17	₹737.9 crore
New products launched, FY2016-17	Ujala Crisp & Shine	Revenue growth, FY2016-17	8%

## Overview

Ujala is the flagship brand of Jyothy Laboratories and is available across the diverse categories of fabric whitener, detergent powder and fabric enhancer. Ujala Supreme Fabric Whitener is positioned as the only efficacious solution to removing yellowness and giving the brightest white to clothes.

Ujala detergent powder is the number two player in Kerala with the proposition of 'Effortless Cleaning through Instant Dirt Dissolvers'. Ujala was extended into the fabric enhancer category under the sub-brand Crisp & Shine. Crisp & Shine is a strong brand in Kerala and was extended to Tamil Nadu in FY2016-17. Ujala Crisp & Shine offers the unique 'power of the executive' look. It is the only brand in the market that imparts crispness, superior form and shape to clothes for the perfect executive look.

Henko was the first fabric detergent in its category to offer a solution for lint and 'Nano Fibre

Lock' technology to retain fabric shine post-wash.

## Portfolio

Ujala is present across the following categories:

- Ujala Supreme - fabric whitener
- Ujala Detergent powder
- Ujala Crisp & Shine - fabric enhancer
- Other detergent products include Henko, Mr. White and Chek

## Competitive advantages

- Ujala Supreme Fabric whitener is an effective solution that imparts the most brilliant shade of white to clothes. It dissolves 100% in water and spreads uniformly, penetrating the inner fibres of the cloth to impart the brightest white.
- Ujala detergent powder comprises the unique 'Instant Dirt Dissolver' technology that dissolves dirt and stains, making the laundry process easy and effortless.
- Ujala Crisp & Shine, with its



## Financial snapshot

### Ujala

	2015-16	2016-17
Contribution to category sales (%)	57.3	56.8
Revenues (₹ crore)	391.7	419.0

### Henko

	2015-16	2016-17
Contribution to category sales (%)	24.4	24.6
Revenues (₹ crore)	166.6	181.2



unique Poly Fx formula, imparts an impressive crispness, superior form, brilliant shine and pleasant fragrance, bringing forth the perfect 'executive look'.

- Henko is the only detergent that is proven to deliver superior cloth care. The brand's unique Fibre Lock technology prevents linting, which, in turn, ensures clothes retain their newness longer.

### Key highlights, FY2016-17

- Ujala Supreme fabric whitener reported healthy growth in a stagnating fabric whitener category.
- Ujala detergent powder

registered respectable growth and is the second largest detergent brand in Kerala

- Ujala Crisp & Shine delivered robust growth in Kerala and established a strong presence in the new market of Tamil Nadu
- Henko's market share grew to 3.9% across select markets, an outcome of sustained marketing and branding efforts

### Outlook

- Ujala fabric whitener will continue to dominate the post-wash fabric whitener market given its superior performance backed by all-India distribution.

- Ujala IDD powder, which enjoys significant market share in Kerala, will continue to receive focus in that market.

- Henko offers a unique and relevant benefit to consumers. It will continue to grow as a more consumer-facing brand as we establish this new offering in the market.

- Ujala Crisp & Shine will continue with its robust growth momentum on the back of a strong and differentiated proposition of 'The Power of the Executive Look'. The brand will also be extended to new markets.

## Business segment review

# DISH WASH SEGMENT

Number of products	7	Revenues, FY2016-17	₹510.3 crore
New products launched, FY2016-17	Pril bar (in tub)	Revenue growth, FY2016-17	7%

## Overview

The dish wash segment of the Indian FMCG industry is competitive. Within this space, Jyothy positioned itself around unique quality-driven and customer-led product propositions, resulting in leading market share.

The bar market, which grew at a 2-year CAGR of 6%, comprises a lot of small players; the top-3 brands together constitutes 75% of the market. Exo dish wash leveraged the 'Touch & Shine' proposition during the year, emphasising the power of cleaning tough greasy utensils with relative ease, thereby offering the consumer ultra-cleaning, extra-shine and hygiene. The anti-bacterial property in Exo bar continues to be a potent

proposition for the consumers in the sub-category to switch brands.

Pril introduced an innovative product in a container during the year, which promises to be a success. The product design was modified to encase it within a solid tub container, minimising melting wastage. Besides, it is the only dish wash bar with active booster granules ingrained within the bar. This helps impart extra de-greasing power to the bar. Pril was the first product in the dish wash category with tamper-proof packing, which helped in keeping the quality of the product intact till it reached the consumer. It also possesses a world-class design that helps the product to stand out on the retail shelf. The product was an instant hit; for some time, demand overshot supply.



The Indian utensil cleaner liquid category is estimated to be a market of ₹400 crore. This category is predominantly driven by two brands – Vim and Pril – which together contribute as much as 85% of the volumes.

In the dishwashing liquid sub-category, Pril is positioned as a superior degreaser, which helps remove grease with ease. Pril continues to gain market share year-on-year. A non-messy gel and quick-dry formula with instant grease-cutting properties due to 'Active 2x' molecules in the product helps gain consumer traction.

## Portfolio

- Exo Bar, Exo Scrub, Exo Gel, Exo Powder and Exo Safai Steel (scrubbers under Exo brand)

- Pril (available in liquid and bar form)
- Pril variants include Pril Lime, Pril Kraft and Pril Lemon Burst
- Pril liquid is also available in pouch and refill containers
- Exo and Pril are available in multiple SKUs

## Competitive advantages

- Exo is the only dishwash bar available, which possess an anti-bacterial formula.
- The Bacto Scrub is India's first and only dishwash scrubber, which offers a bacto-guard protection that prohibits bacterial growth due to the food particles that get stuck in the scrubber matrix.
- Pril dishwashing liquid is the best among available products as it

works effectively, cutting through grease, resulting in sparkling utensils and saving dishwashing time. Pril is skin-friendly and available in pouch containers that ensures extended cost-effective utility.

## Key highlights, FY2016-17

- Exo, in the dish wash bar sub-category, recorded market share gains by 50 bps, the highest among major national brands following improved formulation.
- Pril, in the dish wash liquid sub-category, has been growing at a fast pace, gaining 110 bps in share over the past year. Currently, it is the second biggest brand with a share of 17.8%.
- Relentless focus on key SKUs (especially for the Pril brand) addressed wider customer needs especially during demonetisation
- Exo was introduced across more than 89,000 new outlets, resulting in a near 11% distribution growth
- Pril Kraft began to contribute to overall Pril liquid sales, helping widen the brand franchisee
- The Pril 500-gram tub is growing at a fast pace and now represents 32% of the Pril bar portfolio

## Outlook

- Exo established itself as a strong anti-bacterial product while Pril is established as a strong de-greaser in consumer minds. This will help the brands gain traction in the coming years.
- Emphasis will continue to be laid on leveraging the two brands and strengthening the market position.

## Financial snapshot

### Pril Bar

	2015-16	2016-17
Contribution to category sales (%)	6.8	6.6
Revenues (₹ crore)	32.5	33.8

### Exo Bar

	2015-16	2016-17
Contribution to category sales (%)	55.5	55.8
Revenues (₹ crore)	264.6	283.4

### Pril Liquid

	2015-16	2016-17
Contribution to category sales (%)	18.7	18.7
Revenues (₹ crore)	89.3	95.1

### Exo Scrubber

	2015-16	2016-17
Contribution to category sales (%)	17.7	17.3
Revenues (₹ crore)	84.5	88.5

## Business segment review

HOUSEHOLD  
INSECTICIDE SEGMENT

Number of products	3	Revenues, FY2016-17	₹261.2 crore
New products launched, FY2016-17	Maxo Genius Liquid Vaporiser	Revenue growth, FY2016-17	-6.1%

## Overview

Jyothy entered the fiercely competitive household insecticide liquid vaporiser segment with a differentiated product proposition of Maxo A Grade liquid vaporiser that 'fits all machines'.

The Company's in-depth consumer understanding and unique insights gained out of product engagement made it possible to launch offerings that did not warrant consumers to discard their previous machines (after consumption of the liquid refill).

Moreover, the Company's extensive research resulted in the offering of Maxo Genius Magic Card with a unique 'safety stand'. Ordinary mosquito repellent cards without holders tend to fly and can be unsafe when lit. This led to a thoughtful innovation and the Maxo Genius Magic Card was introduced with a unique card holder. The card holder keeps the lit card fixed at one place while the Magic Card's 3 Minute 'Swift Action Formula' gets rid of mosquitoes in minutes. The card holder also ensures that the card burns fully, thereby providing value to users.

## Portfolio

● Maxo Liquid Vaporiser, Maxo Liquid Vaporiser Machine, Maxo Coil and Maxo Genius Magic Card

## Competitive advantages

- Maxo Liquid Vaporiser fits all machines (except customised machines)
- Maxo Genius Magic Card comes with a safety stand to ensure safety as the card (lighted) remains fixed. No other mosquito repellent cards offer this feature
- The Maxo Genius Magic Card is handy with a pleasant fragrance
- Powered by Intellichip, Maxo Genius Machine automatically shifts from attack (high) mode to defend (low) mode for maximum effectiveness
- The machine starts in 'high mode' to give off an instant vapour blast to counter initial mosquito menace and switches automatically to 'low mode' for steady protection
- This thoughtful innovation led to Maxo Genius winning 'Product of the Year 2017' under the 'Insect Repellents' category in a survey conducted by AC Nielsen

## Key highlights, FY2016-17

- Maxo Coil gained share even as the overall coil category remained sluggish
- Maxo Liquid Vaporiser remained the fastest growing brand in the category
- Maxo Genius Card emerged as the number two player in Kerala,



Bihar and Jharkhand (share in excess of 10%)

## Outlook

● Though the market growth for mosquito repellents remained sluggish in FY2016-17 owing to an extended summer, the category is expected to grow on the back of good monsoons (forecast) in FY2017-18.

- Aggressive communication campaigns are expected to strengthen brand equity
- The objective is to gain market share through innovation and footprint expansion

## Financial snapshot

### Maxo Coil

	2015-16	2016-17
Contribution to category sales (%)	63.3	62.8
Revenues (₹ crore)	176.1	164.1

### Maxo Genius Card

	2015-16	2016-17
Contribution to category sales (%)	4.6	3.8
Revenues (₹ crore)	12.7	10.0

### Maxo Liquid Vaporiser

	2015-16	2016-17
Contribution to category sales (%)	31.0	32.3
Revenues (₹ crore)	86.4	84.4

## Business segment review

# PERSONAL CARE SEGMENT

Number of products	3	Revenues, FY2016-17	₹159.6 crore
New products launched, FY2016-17	Neem Face Wash	Revenue growth, FY2016-17	8.1%

## Overview

As people are increasingly turning to holistic natural sciences to seek fundamental solutions for their short and long-term wellness and beauty needs, personal care products with natural ingredients is receiving a contemporary makeover in the Indian and global markets. Our offering in the personal care space is the 96 year old brand Margo. The brand went through a complete makeover in 2016 and is poised grow in the natural ingredients-based soap category with its unique skin care benefits. The new Margo promises to offer the goodness of 1,000 neem leaves with added Vitamin-E for extra moisturising. Its unique manufacturing process retains the neem efficacy and use of 100% original neem, making it an authentic neem.

## Portfolio

Brands offering natural goodness:

- Margo Original Neem
- Margo Active Glycerine with Neem
- Neem Active Toothpaste

## Competitive advantages

**Margo Original Neem soap**

- Made using 100% original neem, ensuring a retention of the therapeutic benefits
- The unique manufacturing process ensures unmatched efficacy

- Infused with Vitamin-E for extra moisturising

**Margo Active Glycerine**

- Made from 98% pure glycerine
- Unique combination of glycerine





for moisturising and neem for deep cleansing

#### Neem Active Toothpaste

- 98% natural origin
- Offers complete natural care

#### Key highlights, FY2016-17

- Achieved 4.1% sales growth for Margo

- Enhanced market share by 0.1% (value) to 1.1%, a good achievement in a competitive market

#### Outlook

- Re-launch Margo with modifications in formulation, new packaging and better targeted

communication (goodness of 1,000 neem leaves for clear and beautiful skin)

- Focus on South and East India and Maharashtra
- Appraise relevant extension options and restaging the brand

### Financial snapshot

#### Margo

	2015-16	2016-17
Contribution to category sales (%)	88.8	85.6
Revenues (₹ crore)	131.1	136.5

#### Neem Active Toothpaste

	2015-16	2016-17
Contribution to category sales (%)	5.3	8.8
Revenues (₹ crore)	7.9	14.0

### Business segment review

## LAUNDRY SERVICES SEGMENT

Market status	Largest laundry chain in India with 93 operational units	Currently operates in	Bengaluru, Delhi, Mumbai, Pune and Chennai
Revenues, FY2016-17	₹44.1 crore	Revenue growth, FY2016-17	2.7%

#### Overview

Jyothy entered the laundry services segment with Fabric Spa in August 2008. The Company perceived an opportunity in the declining dhobi culture, increased need for laundry sophistication, rise in workforce, growing incidence of nuclear families, widening bachelor pool, water scarcity and dearth of time outside work schedules. The Company launched the service in Bengaluru, which was extended to other metro cities.

#### USPs

- Premium laundry services

- Customised wash as per fabric
- Ironing and packaging
- Folded/super crease
- Bleaching
- Whitening
- Dyeing
- Darning

#### Competitive advantages

- Affordable rates
- Premium wash
- Delivery at doorstep

#### Key highlights, FY2016-17

- The business has 93 operational outlets in key Indian cities
- Bagged a prestigious Western

Railways order in Ahmedabad on a BOOT (build-own-operate and transfer) 10-year contract

- Bagged a prestigious Delhi International Airport Limited BOOT 15-year contract
- Invested in analytics to analyse a customer's wash cycle frequency, quality of clothes given for washing and the kind of wash needed

#### Outlook

The laundry services business is expected to grow substantially owing to hospitality sector growth and urbanisation. The Company plans to commission new outlets in metro cities, representing the largest premium laundry services location in India. We also plan to execute strategic moves in the market through innovation and offering unique services, aligned with consumer requirements.

## OUR PRODUCTS SHOWCASE (SELECT)



# INDUSTRY SIZE AND OUR MARKET SHARE AT A GLANCE

## Dishwash bar

	2015		2016	
	Volume (in MT)	Value (₹ in lacs)	Volume (in MT)	Value (₹ in lacs)
Urban	1,98,848	1,37,103	2,07,586	1,38,335
Rural	1,15,152	76,603	1,27,677	81,995
Total	3,14,000	2,13,706	3,35,263	2,20,330

## Dishwash liquid

	2015		2016	
	Volume (in kl)	Value (₹ in lacs)	Volume (in kl)	Value (₹ in lacs)
Urban	19,252	32,892	20,681	35,947
Rural	2,233	3,442	2,456	4,045
Total	21,485	36,334	23,137	39,992

## Mosquito coils

	2015		2016	
	Volume (in million no.)	Value (₹ in lacs)	Volume (in million no.)	Value (₹ in lacs)
Urban	3,368	86,340	3,256	84,826
Rural	2,952	70,938	2,976	73,022
Total	6,320	1,57,278	6,232	1,57,847

## Mosquito liquid

	2015		2016	
	Volume (in kl)	Value (₹ in lacs)	Volume (in kl)	Value (₹ in lacs)
Urban	8,490	1,18,744	8,980	1,31,003
Rural	2,059	28,345	2,302	32,793
Total	10,549	1,47,090	11,282	1,63,796

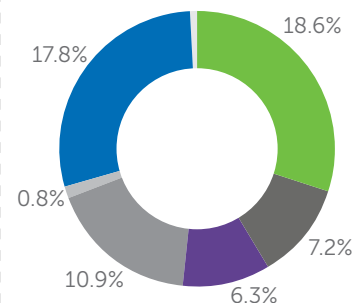
## Mosquito card

	2015		2016	
	Volume (in million no.)	Value (₹ in lacs)	Volume (in million no.)	Value (₹ in lacs)
Urban	1,855	18,096	2,271	20,922
Rural	1,284	12,304	1,674	16,013
Total	3,139	30,400	3,945	36,935

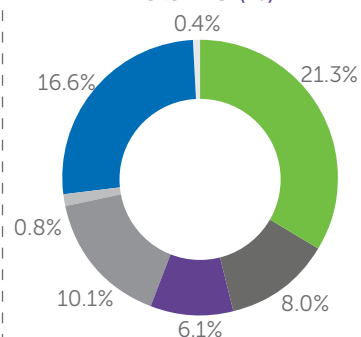
Source: AC Nielsen (January - December)

2016

Value (%)



Volume (%)



- Maxo coil
- Maxo LV
- Maxo Magic Card
- Exo Bar
- Pril Bar
- Pril Liquid
- Exo Liquid

# CSR ACTIVITIES

At Jyothy Laboratories, we are of the firm belief that business should go hand-in-hand with philanthropy. We take our corporate social responsibility seriously. At our Company, we are engaged in several foundation-building activities to help grassroots development. In addition to dedicated efforts by our CSR team, we also encourage our employees to invest time and effort in community development. This has enabled us to create strong goodwill and favourable recall across communities.



Housing provided in adivasi areas and for fishermen in Trichur



# EMPLOYEE ENGAGEMENT

At Jyothy Laboratories, we believe in creating a happy, engaged, productive and loyal workforce. With a firm belief that our human resources are our biggest asset, we organise employee engagement activities throughout the year, marked by fun, games and outdoor engagement.



# CORPORATE INFORMATION

## DIRECTORS

**M. P. Ramachandran**

*Chairman & Managing Director*

(DIN: 00553406)

**K. Ullas Kamath**

*Joint Managing Director & Chief Financial Officer*

(DIN: 00506681)

**M. R. Jyothy**

*Whole Time Director & Chief Marketing Officer*

(DIN: 00571828)

**Nilesh B. Mehta**

*Independent Director*

(DIN: 00199071)

**K. P. Padmakumar**

*Independent Director*

(DIN: 00023176)

**R. Lakshminarayanan**

*Independent Director*

(DIN: 00238887)

## COMPANY SECRETARY

**Shreyas Trivedi**

(M. No. A12739)

## STATUTORY AUDITORS

**S R B C & Co LLP**

(Firm Registration No. 324982E/E300003)

## INTERNAL AUDITORS

**Mahajan & Aibara Chartered Accountants LLP**

(Firm Registration No. 105742W)

## SECRETARIAL AUDITORS

**Rathi & Associates**

Company Secretaries

## COST AUDITORS

**R. Nanabhoy & Co.**

(Firm Registration Number 000010)

## REGISTERED OFFICE

**Jyothy Laboratories Limited**

Ujala House, Ramakrishna Mandir Road

Kondivita, Andheri East

Mumbai - 400059

Telephone: +91-22-66892800

Fax: +91-22-66892805

Email : [info@jyothy.com](mailto:info@jyothy.com)

Website: [www.jyothylaboratories.com](http://www.jyothylaboratories.com)

## CORPORATE IDENTITY NUMBER (CIN)

L24240MH1992PLC128651

## REGISTRAR & SHARE TRANSFER AGENT

**Link Intime India Private Limited**

U67190MH1999PTC118368

C 101, 247 Park, L B S Marg,

Vikhroli West, Mumbai - 400083

Tel.: +91-22-49186000

Fax: +91-22-+91-22-49186060

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## DEBENTURE TRUSTEE

**Axis Trustee Services Limited**

CIN-U74999MH2008PLC182264

Axis House, 2nd Floor,

Wadia International Centre,

Pandurang Budhkar Marg,

Worli, Mumbai - 400 025

Phone: 022 - 2425 5225 (D)

Website: [www.axistrustee.com](http://www.axistrustee.com)

# STATUTORY SECTION

# DIRECTORS' REPORT

Dear Members,

It is our pleasure to present the 26<sup>th</sup> Annual Report of your Company together with the Audited Financial Statements for the financial year ended March 31, 2017.

## FINANCIAL PERFORMANCE

Your Company's financial performance on standalone basis for the year ended March 31, 2017 compared with previous financial year is summarised below:

Particulars	(₹ in Crore)	
	Financial Year ended March 31, 2017	Financial Year ended March 31, 2016
Gross Revenue from Operations	1698.16	1608.90
Other Income	4.24	11.74
Earnings before interest, tax, depreciation, amortization and impairment	264.39	239.75
Interest & Finance Charges/(Income) Net	43.73	52.12
Depreciation and Amortization- Tangibles	23.38	23.08
Depreciation and Amortization- Intangibles	31.36	31.12
Profit before tax and Share of (profit)/loss of an associate and a joint venture	165.92	133.42
Share of (profit)/loss of an associate and a joint venture	(0.04)	0.07
Profit Before Tax	165.96	132.34
Provision for tax		
- Current tax- (MAT)	-	14.52
- Adjustment of Tax relating to earlier period	7.85	-
- Deferred Tax Charge	(43.94)	44.30
Profit after tax	202.05	74.52
Earning Per Share (Basic) (In ₹)	11.12	4.12
Earning Per Share (Diluted) (In ₹)	11.12	4.06
Dividend Per Share of face value of ₹1/- (In ₹)	6.00	5.00

## PERFORMANCE HIGHLIGHTS

The gross revenue from operations (inclusive of excise duty) on standalone basis of your Company for the financial year 2016-17 grew by 5.55% and stood at ₹1698.16 Crore compared to ₹1,608.90 Crore in the previous financial year. The profit before tax was at ₹165.96 Crore as against ₹133.34 Crore in the previous financial year, registering a growth of 24.46%. The net profit for the financial year 2016-17 amounted to ₹202.05 Crore compared to ₹74.52 Crore in the previous financial year, depicting a growth of 171.14%.

The consolidated gross revenue from operations (inclusive of excise duty) of your Company for the year under review stood at ₹1749.19 Crore as against

₹1659.51 Crore in the previous year, reporting a growth of 5.40%. The consolidated profit before tax was at ₹178.65 Crore registering a growth of 24.84% over the consolidated profit before tax of the previous financial year. The consolidated profit after tax for the financial year under review stood at ₹204.15 Crore against profit after tax of ₹73.81 Crore in the previous financial year, reflecting a growth of 176.59%.

## DIVIDEND

The Board is pleased to recommend a dividend of ₹6/- (Rupees Six) per Equity Share (i.e. @ 600% of face Value of Equity Share of ₹1/- each) for the financial year ended March 31, 2017. The aforesaid dividend will involve a total payout of ₹131.20 Crore (inclusive of tax of ₹22.19



Crore) and is subject to the approval of Members at the ensuing Annual General Meeting of your Company.

During the previous financial year, your Company had paid a total dividend of ₹5/- (Rupees Five) per Equity Share of ₹1/- each for the financial year 2015-16 including interim dividend of ₹4/- (Rupees Four) per Equity share of ₹1/- each involving total cash outflow of ₹109.00 Crore (inclusive of tax of ₹18.44 Crore).

## DIVIDEND DISTRIBUTION POLICY

Your Company has adopted a policy on Dividend Distribution formulated in accordance with the Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'), and the same is attached as annexure to this report and can be accessed from your Company's website at the link: [http://www.jyothylaboratories.com/admin/docs/DIVIDEND%20DISTRIBUTION%20POLICY\\_JLL\\_FINAL.pdf](http://www.jyothylaboratories.com/admin/docs/DIVIDEND%20DISTRIBUTION%20POLICY_JLL_FINAL.pdf)

## TRANSFER TO RESERVES

Your Company did not transfer any sum to the General Reserve for the financial year under review. However, your Company has transferred a sum of ₹62.50 Crore (₹45.60 Crore in the previous financial year) to the Debenture Redemption Reserve during the year under review.

## CONSOLIDATED ACCOUNTS

The consolidated financial statements of your Company are prepared in accordance with the relevant Indian Accounting Standards issued by the Central Government under Section 133 of the Companies Act, 2013 and forms integral part of the Annual Report.

## PERFORMANCE OF SUBSIDIARIES, ASSOCIATE COMPANIES/ JOINT VENTURES

A report on the performance and financial position of each of the Subsidiaries, Associates and Joint Venture Companies as per the Companies Act, 2013 is attached as Annexure to this report and hence not repeated here for the sake of brevity. Policy for determining material subsidiaries formulated and adopted by your Company can be accessed from your Company's website at the link: [http://www.jyothylaboratories.com/admin/docs/PMS\\_JLL\\_Website.pdf](http://www.jyothylaboratories.com/admin/docs/PMS_JLL_Website.pdf)

During the year under review, Jyothy Consumer Products Marketing Limited - JCPML (Wholly Owned Subsidiary of your Company) amalgamated with your Company pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble Mumbai Bench of National

Company Law Tribunal vide its Order dated March 1, 2017. The Appointed date for the above mentioned amalgamation was April 1, 2016 which came into effect on March 17, 2017 after filing of certified copy of the Order of the Hon'ble Mumbai Bench of National Company Law Tribunal with the Registrar of Companies and/ or Ministry of Corporate Affairs.

Except as mentioned above, no Company has become or ceased to be its subsidiaries, joint ventures or associate companies during the financial year 2016-17.

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, in relation to the Audited Financial Statements of your Company for the financial year ended March 31, 2017, the Board of Directors hereby confirms that:

- in the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards read with the requirements set out under Schedule III to the Act, have been followed and there were no material departures from the same;
- your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2017 and of the profit of your Company for the year ended on that date;
- your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- your Directors have prepared annual accounts of your Company on a going concern basis;
- your Directors have laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and are operating effectively; and
- your Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

Analysis Report is attached and forms an integral part of this Report.

## ISSUE OF SHARES

### Issue of Equity Shares with differential rights

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

### Issue of Sweat Equity Shares

During the year under review and to date, your Company has not issued any sweat equity shares. Hence no information as per the provisions of Section 54(1)(d) of the Companies Act, 2013 read with Rule 8(13) of the Companies (Share Capital & Debentures) Rules, 2014 is furnished.

### Issue of Employee Stock Option

During the year under review, your Company in terms of the provisions of Section 62(1)(b) read with Section 39 of the Companies Act, 2013 has issued and allotted 4,52,558 (Four Lacs Fifty Two Thousand Five Hundred and Fifty Eight) Equity Shares of ₹1/- each to Mr. S. Raghunandan under "Jyothy Laboratories Employees Stock Option Scheme 2014-A" (ESOS 2014-A) and 1,11,486 (One Lac Eleven Thousand Four Hundred and Eighty Six) Equity Shares of ₹1/- each to other eligible employees under "Jyothy Laboratories Employees Stock Option Scheme 2014" (ESOS 2014) respectively as approved by Members of your Company at the 23<sup>rd</sup> Annual General Meeting held on August 13, 2014.

## INCREASE IN SHARE CAPITAL

During the year under review, pursuant to the Scheme of Amalgamation of Jyothy Consumer Products Marketing Limited into your Company, the Authorised Share Capital of your Company has increased to ₹2,72,30,00,000 consisting of: (a) 2,72,00,00,000 Equity Shares of the face value of ₹1/- each and (b) 30,000 11% Cumulative Redeemable Preference Shares of the face value of ₹100/- each.

Further, after the issue of 5,64,044 Equity Shares under ESOS 2014 and ESOS 2014-A, the Paid up Equity Share Capital of your Company stands increased to ₹18,16,83,724 consisting of 18,16,83,724 equity shares of your Company of ₹1/- each fully paid-up.

## DEBENTURES

During the year under review, your Company

redeemed 4000 Zero Coupon Secured Redeemable Non-Convertible Debentures of ₹10,00,000/- each aggregating to ₹400 Crores on November 11, 2016 at an aggregate redemption premium of ₹146.73 Crores.

Further, your Company during the year under review has also raised ₹400 Crores through private placement of 4000 Secured Rated Unlisted Redeemable Non-Convertible Debentures of face value of ₹10,00,000/- each on December 9, 2016 to refinance its existing debt.

## CORPORATE GOVERNANCE

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

## BUSINESS RESPONSIBILITY REPORT

The Securities and Exchange Board of India (SEBI), vide amendment to Regulation 34(2)(f) of the Listing Regulations dated December 22, 2015, had extended the applicability of Business Responsibility Reports to top 500 listed companies based on market capitalization. Earlier, the requirement of Business Responsibility Report was applicable only to Top 100 Listed entities based on market capitalization. As a result, your Company being one of the top 500 listed Companies is required to report on Business Responsibility. Accordingly, the report on Business Responsibility is attached as annexure and forms an integral part of this report.

## RELATED PARTY TRANSACTIONS

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed form AOC-2 is appended as Annexure to the Board's report. During the year, your Company had entered into contract / arrangement / transaction with related parties which were on arm's length basis and none of which could be considered as material in accordance with the policy of your Company on materiality of related party transactions. Further none of the contract/ arrangement/ transaction with related parties required approval of shareholders as the same were within the limits prescribed under Section 188(1) of the Companies Act, 2013 and the Rules framed thereunder.

The Policy on materiality of related party transactions and dealing with related party transactions as approved

by the Board may be accessed from your Company's website at the link: [http://www.jyothylaboratories.com/admin/docs/RPT\\_JLL\\_Website.pdf](http://www.jyothylaboratories.com/admin/docs/RPT_JLL_Website.pdf)

Attention of Members is also drawn to Note 35 to the financial statements for the year ended March 31, 2017 which sets out the related party disclosures as per the Indian Accounting Standard (Ind AS) 24.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Your Company has undertaken projects in the area of skill development, promotion of education and rural development as part of its CSR initiative. These projects were in accordance with Schedule VII to the Companies Act, 2013 and the CSR policy framed by your Company. The report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended as annexure and forms an integral part of this report.

Details about the CSR Policy adopted and formulated by your Company can be accessed from your Company's website at the link: [http://www.jyothylaboratories.com/admin/docs/JLL\\_CSR%20Policy\\_Website.pdf](http://www.jyothylaboratories.com/admin/docs/JLL_CSR%20Policy_Website.pdf)

Your Company was required to spend ₹294.10 lacs (2% of the average net profits of last three financial years) on CSR activities during the financial year 2016-17. Accordingly, your Company spent ₹238.37 lacs on CSR activities during the year 2016-17 and an amount of ₹55.73 lacs stands committed towards contribution for skill development etc. and the same will be expended in the current financial year. Further an amount of ₹6.06 lacs pertaining to financial year 2015-16 was spent towards housing in adivasi area of Trichur District, Kerala in the financial year 2016-17.

## MATERIAL CHANGES AND COMMITMENTS

Except as disclosed elsewhere in this report, no material changes and commitments which could affect your Company's financial position have occurred between the end of the financial year 2016-17 and date of this report.

## INTERNAL FINANCIAL CONTROLS

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

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

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

## CHANGE IN NATURE OF BUSINESS

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

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

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

## REMUNERATION/ COMMISSION FROM ANY OF ITS SUBSIDIARIES

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

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details of Loans, Guarantees and Investments as prescribed under Section 186 of the Companies Act, 2013 are appended as Annexure and forms integral part of this report.

## EMPLOYEE STOCK OPTION SCHEME (ESOS)

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

Disclosure as required under Section 62(1)(b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 and Regulation 14 of the Securities Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 are furnished below:

	Jyothy Laboratories Employee Stock Option Scheme 2014-A ("ESOS 2014-A")	Jyothy Laboratories Employee Stock Option Scheme 2014 ("ESOS 2014")
1 Date of Shareholders' approval	August 13, 2014	August 13, 2014
2 Total number of options approved under ESOS	27,15,352	27,15,352
3 Vesting Requirements	Options granted under ESOS 2014-A would Vest after one year but not later than four years from the date of grant of such options. Vesting of options would be subject to continued employment with the Company and certain performance parameters.	
4 Exercise price or pricing formula	₹1 per option	₹1 per option
5 Maximum term of options granted	5 years	5 years
6 Source of shares	Primary	Primary
7 Variation in terms of option	No variation in the terms of option	No variation in the terms of the option
8 Method of Option Valuation	Intrinsic Value	Intrinsic Value
9 Option Movement during the year		
Number of Options outstanding at the beginning of the period	22,62,793	3,00,804
Number of options granted during the year	-	-
Number of options forfeited/ lapsed during the year	-	54,181
Number of options vested during the year	4,52,558	1,11,486
Number of options exercised during the year	4,52,558	1,11,486
Number of shares arising as a result of exercise of options	4,52,558	1,11,486
Money realized by exercise of options (Amount in ₹)	4,52,558	1,11,486
Loan repaid by the Trust during the year from exercise price received	N.A.	N.A.
Number of Options outstanding at the end of the year	18,10,235	1,35,137
Number of options exercisable at the end of the year	18,10,235	1,35,137
10 Employee Wise details of Options Granted		
i. Senior Managerial Personnel		
<b>Name</b>	<b>Designation</b>	<b>Options Granted during the Year</b>
None	-	-



		Jyothy Laboratories Employee Stock Option Scheme 2014- A ("ESOS 2014-A")	Jyothy Laboratories Employee Stock Option Scheme 2014 ("ESOS 2014")
ii.	any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year; and		
Name	Designation	Options Granted during the Year	Exercise Price
None	-	-	-
iii.	identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversations) of the company at the time of grant.		
Name	Designation	Options Granted during any one Year	Exercise Price
Mr. S. Raghunandan	Whole Time Director & Chief Executive Officer*	27,15,352#	₹1/- per Option

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

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

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

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

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

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Article 140 of the Articles of Association of your Company, Ms. M. R. Jyothy, Whole Time Director and Chief Marketing Officer of your Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

During the year under review, the members approved re-appointment of Mr. M. P. Ramachandran as the Chairman and Managing Director of your Company for a term of five years with effect from August 22, 2016 to August 21, 2021 at the 25<sup>th</sup> Annual General Meeting of your Company held on July 21, 2016 by passing special resolution.

Further, the members have also approved re-appointment of Mr. K. Ullas Kamath as the Joint Managing Director and Chief Financial Officer of your Company for a term of five years with effect from January 23, 2017 to January 22, 2022 and Ms. M. R. Jyothy as the Whole Time Director and Chief Marketing Officer of your Company for a term of five years with effect from January 1, 2017 to December 31, 2021 through Postal Ballot dated December 1, 2016.

Mr. Bipin R. Shah resigned as the Independent Director of your Company with effect from August 11, 2016. The Board placed on record, its appreciation for the contribution made by Mr. Shah during his tenure as the Independent Director.

All Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013.

## POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

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

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

## **(I) Selection**

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

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

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

- a) While appointing a Director, it has to be ensured that the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to your Company's business.
- b) In case of appointment as an Executive Director, the candidate must have the relevant technical or professional qualifications and experience as are considered necessary based on the job description of the position. In case no specific qualification or experience is prescribed or thought necessary for the position then, while recommending the appointment, the Human Resource Department shall provide the job description to the Committee and justify that the qualifications, experience and expertise of the recommended candidate are satisfactory for the relevant appointment. In such circumstances, the Committee may call for an expert opinion on the appropriateness of the qualifications and experience of the candidate for the position of the Executive Director.
- c) In case of appointment as a Non-Executive Director, the candidate must have a post graduate degree, diploma or a professional qualification in the field

of his practice/ profession/ service and shall have not less than five years of working experience in such field as a professional in practice, advisor, consultant or as an employee. Provided that the Board may waive the requirements of qualification and/ or experience under this paragraph for a deserving candidate.

- d) The Board, while making the appointment of a Director, shall also try to assess from the information available and from the interaction with the candidate that he is a fair achiever in his chosen field and that he is a person with integrity, diligence and open mind.

## **(III) Board Diversity and Independence**

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

- a) There shall be a proper mix of Executive and Non-Executive Directors and Independent and Non-Independent Directors on the Board. Your Company must always be in compliance of the provisions of Section 149 of the Companies Act, 2013 and Clause 17 of the Listing Regulations, as amended from time to time, in this regard.
- b) There shall be a workable mix of directors drawn from various disciplines, like technical, finance, commercial, legal etc. The Board shall not at any time be entirely comprised of persons drawn from one discipline or field.
- c) While appointing a director to fill in a casual vacancy caused by death, resignation etc. of a director, an effort shall be made, as far as possible, to appoint such a person in his place who has the relevant experience in the fields or disciplines in which the outgoing director had the experience or the person with relevant experience in the fields or disciplines which are not represented in the Board as requisite to business of your Company.
- d) No preference on the basis of gender, religion or cast shall be given while considering the appointment of directors.
- e) Generally, an effort shall be made to maintain the Board diversity by appointment of persons from diverse disciplines (relevant to your Company's business), of different age groups and of both the genders (male as well as female) as Directors.
- f) While appointing Independent Directors, the criteria for the independent directors, as laid down in Section 149 (6) of the Companies Act, 2013 and Listing Regulations are followed.

## REMUNERATION POLICY

Your Company follows the policy on Remuneration of Directors and Senior Management Employees as approved by the Nomination, Remuneration and Compensation Committee and the Board. A detailed report on the same is given in the Corporate Governance Report.

## PERFORMANCE EVALUATION

In accordance with the Companies Act, 2013 and Regulation 4(2)(f) of the Listing Regulations, your Company has framed a Policy for Evaluation of Performance of Independent Directors, Board, Committees and other Individual Directors which includes criteria for performance evaluation of Non-Executive Directors and Executive Directors. A questionnaire is formulated for evaluation of performance of the Board after taking into consideration several aspects such as board composition, strategic orientation, board functioning and team dynamics.

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

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

## TRAINING OF INDEPENDENT DIRECTORS

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

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

## MEETING OF INDEPENDENT DIRECTORS

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

review, one meeting of Independent Director was held on May 23, 2016.

## BOARD MEETINGS

The Board of Directors met 6 times during the financial year ended March 31, 2017 in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder.

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

## AUDIT COMMITTEE

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

## VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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

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

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

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

## RISK MANAGEMENT

The Board of Directors of your Company has designed a Risk Management Policy in a structured manner taking

into consideration the following factors and the same is monitored on a periodic basis by your Company :

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

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

- Identifying 'Key' Business goals;
- Identifying the Risk Management focus;
- Identifying Business risks;
- Prioritizing the identified business risks;
- Rating the current risk management capability for identified risks.

Further, your Company identified Key Business Goals for a five year horizon and a library of risk events which could be bottleneck in achieving the same. After defining the key business goals and the library of risk events, your Company identified the goals on which the management would focus.

## INTERNAL CONTROL SYSTEMS

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

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

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

## AUDITORS & AUDIT REPORTS

### Statutory Auditors and their Report

The present Statutory Auditors of your Company, M/s S R B C & Co LLP, Chartered Accountants (ICAI Registration No. 324982E/ E300003) have served as Statutory Auditors of your Company for a period more than two terms of five consecutive years as provided under Section 139(2) of the Companies Act, 2013 and will hold office till the conclusion of 26<sup>th</sup> Annual General Meeting (AGM) of your Company.

Therefore, the Board upon recommendation of the Audit Committee, proposed appointment of M/s B S R & Co. LLP, Chartered Accountants in place of M/s S R B C & Co LLP, Chartered Accountants, the retiring Auditors, as the Statutory Auditors, who shall hold the office from the conclusion of the 26<sup>th</sup> Annual General Meeting for a term of five consecutive years, i.e. until the conclusion of the 31<sup>st</sup> Annual General Meeting subject to ratification by the members at 27<sup>th</sup>, 28<sup>th</sup>, 29<sup>th</sup> and 30<sup>th</sup> Annual General Meeting to be held in the financial year 2018, 2019, 2020 and 2021 respectively. Further, Special Notice under Section 115 read with Section 140(4) of the Companies Act, 2013 is not required as the retiring Auditor has completed a consecutive tenure of ten years as provided under Section 139(2) of the Companies Act, 2013.

A certificate has been received from M/s B S R & Co. LLP, Chartered Accountants to the effect that they are eligible for appointment and if made would be, as per the provisions of Section 141 of the Companies Act, 2013 read with Section 139 ibid and rules made thereunder.

The Board placed on record its appreciation for the services rendered by M/s S R B C & Co LLP Chartered Accountants, Mumbai, as Statutory Auditors of your Company.

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

### Cost Auditors and their Report

As per section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audits) Rules, 2014, as amended, the Board of Directors of your Company on recommendation of the Audit Committee appointed M/s R. Nanabhoy & Co., Cost Accountants, Mumbai (Registration No. 000010) as the Cost Auditors to carry out the cost audit of its products covered under the Ministry of Corporate Affairs Order dated



June 30, 2014 (as amended on December 31, 2014) for the financial year 2017-18. The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee and the requisite resolution for ratification of remuneration of Cost Auditors by the members has been set out in the Notice of the 26<sup>th</sup> Annual General Meeting of your Company.

The appointment of M/s R. Nanabhoy & Co., Cost Accountants, Mumbai as the Cost Auditors of your Company is within the prescribed limits of the Companies Act, 2013 and free from any disqualifications specified thereunder. Your Company has received the Certificate from the Cost Auditors confirming their independence and relationship on arm's length basis.

The Cost Audit Report for the financial year ended 31<sup>st</sup> March 2016, issued by M/s R. Nanabhoy & Co., Cost Auditors, in respect of the various products prescribed under Cost Audit Rules does not contain any qualification, reservation or adverse remark and the same was filed with the Ministry of Corporate Affairs on September 9, 2016. The Cost Audit Report for the financial year ended March 31, 2017 is being submitted shortly.

### Secretarial Auditors and their Report

In terms of Section 204 of the Companies Act, 2013, the Board had appointed M/s Rath & Associates, Company Secretaries, Mumbai as the Secretarial Auditors of your Company to carry out Secretarial Audit for the financial year 2016-17. The report of the Secretarial Auditors in the prescribed form MR-3 is appended as annexure to this report. The report does not contain any qualification, reservation or adverse remark which calls for any explanation from the Board of Directors.

Your Board has decided to appoint M/s Rath & Associates, Company Secretaries, Mumbai as the Secretarial Auditors of your Company for the financial year 2017-18, based on the recommendations of the Audit Committee.

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

There have been no instances of any fraud reported by the Statutory Auditors under Section 143(12) of the Companies Act, 2013.

### TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the

Ministry of Corporate Affairs on September 7, 2016 and subsequently amended vide notification dated February 28, 2017, all the Equity Shares of the Company in respect of which dividend amounts have not been paid or claimed by the shareholders for seven consecutive years or more are required to be transferred to demat account of Investor Education and Protection Fund Authority (IEPF Account).

Accordingly, 1322 shares of your Company belonging to 28 Shareholders would be due for transfer to IEPF Account on May 31, 2017. Your Company has sent individual notices to all the aforesaid 28 shareholders of your Company and has also published the notice in the leading English and Marathi newspaper. The details of the aforesaid 28 shareholders are available on the website of your Company viz., [www.jyothylaboratories.com](http://www.jyothylaboratories.com).

Further, pursuant to the provisions of Section 124(5) of the Companies Act, 2013, the dividend which remained unclaimed/ unpaid for a period of seven years from the date of transfer to unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

As a result, the unclaimed/ unpaid dividend for the year 2008-09 which remained unpaid and unclaimed for a period of 7 years has already been transferred by your Company to the IEPF.

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

Further, the unpaid dividend amount pertaining to the financial year 2009-10 will be transferred to IEPF during the Financial Year 2017-18.

### EXTRACT OF ANNUAL RETURN

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

### EMPLOYEE RELATIONS

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

## MANUFACTURING FACILITIES

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

## PREVENTION OF SEXUAL HARASSMENT

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

## FIXED DEPOSITS

Your Company did not accept/ renew any fixed deposits from public and no fixed deposits were outstanding or remained unclaimed as on March 31, 2017.

## CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

With regard to the requirements of conservation of energy and technology absorption pursuant to the provision of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, your Company has nothing specific to report.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of foreign exchange earnings and outgo are

as below:

(₹ in Crore)		
Particulars	2016-17	2015-16
Foreign exchange earnings	13.30	12.29
Foreign exchange outgo	37.80	26.92

## PARTICULARS OF EMPLOYEES

The disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 and forming part of the Directors' Report for the year ended March 31, 2017 is given in a separate Annexure to this Report.

## CAUTIONARY NOTE

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

## ACKNOWLEDGEMENT

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

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

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

Mumbai, May 18, 2017

# FORM AOC - I

STATEMENT CONTAINING THE SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES.

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)

## Part "A": Subsidiaries

(₹ in Lacs)

Sr. No	Name of the Subsidiary Company	Jyothy Fabricare Services Limited	Jyothy Kallol Bangladesh Limited	Snoways Laundrers and Drycleaners Pvt. Ltd #	Four Seasons Dry Cleaning Company Private Limited #
Country		India	Bangladesh	India	India
Financial Year / Period		April 1, 2016 to March 31, 2017	April 1, 2016 to March 31, 2017	April 1, 2016 to March 31, 2017	April 1, 2016 to March 31, 2017
Local Currency		INR	BDT	INR	INR
Exchange rate as on March 31, 2017		-	1BDT = 0.79 INR	-	-
1	Share Capital	2,385.00	801.84	100.00	220.70
2	Reserves & Surplus	(896.56)	(127.86)	(10.00)	(471.99)
3	Total Assets	7,140.67	698.04	97.91	19.71
4	Total Liabilities	5,652.23	24.06	7.91	271.00
5	Details of Investment (except investment in subsidiaries)	1,437.73	0.00	0.00	0.00
6	Turnover (Net)	3,488.31	701.73	0.00	195.96
7	Profit / (Loss) before taxation	(1,826.63)	(9.04)	(0.55)	(29.69)
8	Provision for taxation	0.00	4.34	0.00	0.00
9	Profit / ( Loss) after taxation	(1,826.63)	(13.39)	(0.55)	(29.69)
10	Proposed / Interim Dividend	Nil	Nil	Nil	Nil
11	% of shareholding	86.37%	75.00%	42.32%	86.37%

# Snoways Laundrers and Drycleaners Pvt. Limited and Four Seasons Dry-Cleaning Co. Pvt. Limited are subsidiaries of Jyothy Fabricare Services Limited.

### Notes:

- None of the subsidiaries of your Company are yet to commence operations.
- None of the subsidiaries have been liquidated or sold during the year under review. However, during the financial year 2016-17, Jyothy Consumer Products Marketing Limited, Wholly Owned Subsidiary of your Company amalgamated with your Company with appointed date as April 1, 2016, vide Order of the Mumbai Bench of Hon'ble National Company Law Tribunal dated March 1, 2017.

## Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in Lacs)	
Name of Joint Venture	JFSL – JLL JV (Partnership firm)
Latest audited Balance Sheet Date	March 31, 2017
Shares of Associate/Joint Ventures held by the company on the year end:	
1. No.	N.A.
2. Amount of Investment in Joint Venture	84.93
3. Extent of Holding (%)	25%
Description of how there is significant influence	Control of Business decisions under an Agreement
Reason why the joint venture is not consolidated	N.A.
Networth attributable to Shareholding as per latest audited Balance Sheet	276.28
Profit/(Loss) for the year	14.72
i. Considered in Consolidation	14.72
ii. Not Considered in Consolidation	-
1. None of the associates or joint ventures of your Company are yet to commence operations.	
2. None of the associates or joint ventures of your Company have been liquidated or sold during the year under review.	
3. Your Company does not have any associate company.	

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

Sd/-  
M.P. Ramachandran  
Chairman and Managing Director  
DIN: 00553406

Sd/-  
K. Ullas Kamath  
Joint Managing Director and Chief Financial Officer  
DIN: 00506681

Sd/-  
Shreyas Trivedi  
Head – Legal & Company Secretary  
Membership No.: A12739

Place: Mumbai  
May 18, 2017



# FORM AOC - 2

## PARTICULARS OF CONTRACTS/ ARRANGEMENTS MADE WITH RELATED PARTIES

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

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

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

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

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

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

Sd/-  
M.P. Ramachandran  
Chairman and Managing Director  
DIN: 00553406

Place: Mumbai  
May 18, 2017

# ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

The Company has undertaken projects in the area of skill development, promotion of education and rural development as a part of its CSR Initiative for the financial year 2016-17. The activities and funding are monitored by the Corporate Social Responsibility Committee of the Company. The Company has identified the following fields of operation for spending of expenditure towards CSR:

- i) eradicating hunger, poverty and malnutrition, promoting preventive health care including sanitation and more particularly contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
  - ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
  - iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
  - iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
  - v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
  - vi) measures for the benefit of armed forces veterans, war widows and their dependents;
  - vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
  - viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
  - ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
  - x) rural development projects;
  - xi) slum area development;
  - xii) such other projects as may be specified by the Central Government from time to time.
2. The Composition of the CSR Committee:  
Mr. M. P. Ramachandran, Chairman (Chairman & Managing Director)  
Mr. K. P. Padmakumar, Member (Independent Director)  
Ms. M. R. Jyothy, Member (Whole Time Director & Chief Marketing Officer)
  3. Average net profit of the company for last three Financial years: ₹14,705.00 lacs
  4. Prescribed CSR expenditure (two percent of the amount as in item 3 above): ₹294.10 lacs

## 5. Details of CSR spent during the Financial Year 2016-17

- a) Total amount to be spent for the Financial year: ₹294.10 Lacs  
b) Amount unspent, if any: ₹55.73 Lacs  
c) Manner in which the amount spent during the financial year detailed below:

The details are as under:							(₹ in Lacs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects 2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
<b>1</b>	<b>Slum Area Development</b>						
1a	Housing in Adivasi Area at Trichur	Slum Area Development	Trichur District, Kerala	47.26	47.26	47.26	Direct
<b>2</b>	<b>Promoting Education</b>						
2a	Contribution to Deaf Enabled Foundation	Promoting Education	Mumbai, Maharashtra	0.30	0.30	0.30	Implementing Agency
2b	Contribution to various Educational Institutions	Promoting Education	Kerala	0.40	0.40	0.40	Implementing Agency
2c	Contribution to Public Library	Promoting Education	Trichur District, Kerala	1.00	1.00	1.00	Implementing Agency
2d	Contribution to Mathrubhumi Mission Medical College	Promoting Education	Kozhikode District, Kerala	25.00	25.00	25.00	Implementing Agency
<b>3</b>	<b>Eradicating Hunger, Poverty and Malnutrition</b>						
3a	Contribution towards the Midday Meal programme implemented by Iskcon Food Relief Foundation under the brand name of "Annamitra"	Eradicating Hunger, Poverty and Malnutrition	Mumbai, Maharashtra	0.10	0.10	0.10	Implementing Agency
3b	Food for blind	Eradicating Hunger, Poverty and Malnutrition	Kerala	0.32	0.32	0.32	Implementing Agency

<b>4</b>	<b>Employment enhancing vocation skills</b>						
4a	Imparting Skill Development Training	Employment enhancing vocation skills	Various states	219.72	163.99	163.99	Implementing Agency
				294.10	238.37	238.37	

6. In case the Company has failed to spend the two percent of the average net profit of the latest Financial Years or any part thereof the Company shall provide the reason for not spending the amount in its Board report:

The Company was required to spend ₹294.10 lacs (2% of the average net profits of last three financial years) on CSR activities during the financial year 2016-17. Accordingly, the Company has spent ₹238.37 Lakhs on CSR activities during the Financial year 2016-17 and the balance amount of ₹55.73 lacs will be spent during the Financial Year 2017-18 towards skill development etc.

An expenditure of ₹6.06 Lacs which stood committed from the previous financial year towards housing in Adivasi Area of Trichur District was spent for the same purpose in the financial year 2016-17.

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

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

Sd/-  
M.P. Ramachandran  
Chairman and Managing Director  
and Chairman- CSR Committee  
DIN: 00553406

Place: Mumbai  
May 18, 2017



## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Amount outstanding as at March 31, 2017

Particulars	(₹ in Crore)
Loans given	-
Guarantee given*	56.96
Investments (Current & Non-Current)	154.21

\* Corporate guarantee given ₹66.12 Crores & financial exposure ₹56.96 Crores

Note: No fresh loan, guarantee and investment was made during the financial year 2016-17.

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

Sd/-  
M.P. Ramachandran  
Chairman and Managing Director  
DIN: 00553406

Place: Mumbai  
May 18, 2017

# SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

To  
The Members  
**JYOTHY LABORATORIES LIMITED**  
Ujala House, Ram Krishna Mandir Road,  
Kondivita, Andheri (East),  
Mumbai – 400 059

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

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Jyothy Laboratories Limited ("the Company") as given in Annexure I, for the financial year ended on 31<sup>st</sup> March, 2017, according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made there under to the extent applicable;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - ii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - iii. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - iv. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - v. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-
  - i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - ii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

- iii. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; and
  - iv. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
3. Provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder pertaining to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings were not applicable to the Company under the financial year under report.
4. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with other Acts, Laws and Regulations applicable specifically to the Company as mentioned hereunder:
- i. Legal Metrology Act, 2009
  - ii. Legal Metrology (Packaged commodities) Rules, 2011
  - iii. Environment [Protection] Act, 1986
  - iv. Hazardous Wastes [Management And Handling] Rules, 1989
  - v. Insecticides Act, 1968
  - vi. Drugs and Cosmetics Act, 1940

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of the Companies Act, 2013.

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

#### **We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

We further report that during the year under report, following events/actions occurred which had a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Sr. No.	Date	Event
1.	11 <sup>th</sup> November, 2016	The Company has redeemed 4000 Zero Coupon, Secured, Redeemable Non- Convertible Debentures of ₹10,00,000 each aggregating to ₹400 Crores, which were listed on the National Stock Exchange of India Limited.
2.	01 <sup>st</sup> December, 2016	Postal Ballot, under Section 110 of the Companies Act, 2013 conducted for seeking approval of shareholders of the Company with respect to the following matters, passed by Special Resolution: <ul style="list-style-type: none"> <li>i. Authorizing Board of Directors for making offer(s) or invitation(s) to subscribe to Non Convertible Debentures ('NCDs') in one or more tranches aggregating upto ₹500 crores (Rupees Five Hundred Crores) on a private placement basis.</li> <li>ii. Re-appointment of Mr. Ullas Kamath as the Joint Managing Director and Chief Financial Officer for a period of five years with effect from January 23, 2017 to January 22, 2022.</li> <li>iii. Re-appointment of Ms. M.R. Jyothy as the Whole Time Director and Chief Marketing Officer for a period of five years with effect from January 1, 2017 to December 31, 2021.</li> </ul>
3.	08 <sup>th</sup> December, 2016	The Company has issued 4000 Secured Rated Unlisted Redeemable Non Convertible Debentures of ₹10,00,000/- each at par aggregating to ₹400 Crores
4.	01 <sup>st</sup> March, 2017	Approval of Scheme of Amalgamation ("Scheme") of Jyothy Consumer Products Marketing Limited with Jyothy Laboratories Limited (Appointed date of 1 <sup>st</sup> April, 2016) by the Board of Directors of the Company. The National Company Law Tribunal ("NCLT") sanctioned the Scheme, vide its order dated 01 <sup>st</sup> March, 2017.

For RATHI & ASSOCIATES  
COMPANY SECRETARIES

HIMANSHU S. KAMDAR  
PARTNER  
FCS No. 5171  
C.P. No. 3030

Date: 18 May, 2017  
Place: Mumbai



## ANNEXURE – I

### List of documents verified

1. Memorandum and Articles of Association of the Company.
2. Annual Report for the financial year ended 31<sup>st</sup> March, 2016.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination, Remuneration and Compensation Committee, Securities Transfer Committee, Stakeholders' Relationship Committee, ESOP Allotment Committee and Corporate Social Responsibility Committee along with the respective Attendance Registers held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Proof of circulation & Delivery of notice for Board meetings and Committee Meetings.
6. Proof of circulation of draft Board and Committee meetings minutes as per Secretarial Standards.
7. Policies framed by the Company:
  - Policy on Related Party Transactions,
  - Policy on Material Subsidiaries,
  - Vigil Mechanism,
  - Corporate Social Responsibility Policy,
  - Nomination & Remuneration Policy,
  - Risk Management Policy & Procedures,
  - Internal Financial Controls
  - Policy for Determination of Material Events
  - Code of Conduct for Independent Directors,
  - Code of Conduct for prevention of insider trading,
  - Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information,
  - Archival Policy
  - Dividend Distribution Policy
  - Preservation of Records Policy
  - Business Responsibility Policy
8. Statutory Registers viz.
  - Register of Charges (Form No. CHG-7);
  - Register of Directors & Key Managerial Personnel;
  - Register of Directors' Shareholding;
  - Register of Employee Stock Options;
  - Register of Contracts with Related Parties; and contracts and Bodies etc. in which directors are interested (Form No. MBP-4), and
  - Register of loans, guarantees and security and acquisition made by the Company (Form No. MBP-2),
9. Copies of Notice, Agenda and Notes to Agenda submitted to all the directors / members for the Board Meetings and Committee Meetings as well as resolutions passed by circulation;
10. Documents related to Postal Ballot;
11. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2) and Section 149(7) of the Companies Act, 2013.
12. Intimations received from directors under the prohibition of Insider Trading Code.
13. E-Forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
14. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year under report;
15. Documents related to payments of dividend made to its shareholders during the financial year under report;
16. Documents related to issue of shares under ESOP Scheme viz. ESOP Scheme, Exercise forms, Listing applications, Corporate Action Form, etc. filed with Stock Exchanges and Listing approvals received thereon;
17. E-mails evidencing dissemination of information related to closure of Trading window;
18. Internal Code of Conduct for prevention of Insider Trading by Employees / Directors / Designated Persons of the Company;
19. Statement of Related Party Transactions entered into by the Company during the financial year under report;
20. Documents filed with Stock Exchanges;
21. Compliance Certificate placed before the Board of Directors from time to time;
22. Details of Sitting Fees paid to all Non Executive Directors for attending the Board Meetings and Committees.

To,  
The Members  
**JYOTHY LABORATORIES LIMITED**  
Ujala House, Ram Krishna Mandir Road,  
Kondivita, Andheri (East),  
Mumbai – 400 059

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of

Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For RATHI & ASSOCIATES  
COMPANY SECRETARIES

HIMANSHU S. KAMDAR  
PARTNER  
FCS No. 5171  
C.P. No. 3030

Date: 18 May, 2017  
Place: Mumbai

# Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2017

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

### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L24240MH1992PLC128651
ii)	Registration Date	15/01/1992
iii)	Name of the Company	JYOTHY LABORATORIES LIMITED
iv)	Category / Sub-Category of the Company	Company Limited by shares/ Indian Non-Government Company
v)	Address of the Registered office and contact details	'Ujala House' Ramakrishna Mandir Road, Kondivita, Andheri (East), Mumbai- 400 059 Tel. No. : 022-66892800, Fax: 022-66892805 Email: secretarial@jyothy.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	
	Name	Link Intime India Pvt. Limited
	Address	C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400 083
	Tel. No.	022-49186000
	Fax	022-49186060

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products	NIC Code of the Product	% to total turnover of the Company
1	Detergents	20233	47
2	Soaps	20231	29
3	Mosquito Repellent	20211	15

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Jyothy Kallol Bangladesh Limited 199, Tejgaon Industrial Area, Dhaka-1208, Bangladesh.	N.A.	Subsidiary	75%	Section2(87)(ii)
2	Four Seasons Drycleaning Company Private Limited 'Ujala House', Ramkrishna Mandir Road, Kondivita, Andheri (East), Mumbai – 400 059, Maharashtra.	U93010MH2002PTC246838	Subsidiary*	86.37%	Section2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
3	Snoways Launderers & Drycleaners Private Limited N-119, North Block, Manipal Centre, Dickenson Road, Bangalore – 560 042, Karnataka.	U93010KA2008PTC046087	Subsidiary*	42.32%	Section2(87)
4	Jyothy Consumer Products Marketing Limited# 'Ujala House', Ramkrishna Mandir Road, Kondivita, Andheri (East), Mumbai – 400 059, Maharashtra.	U99999MH1974PLC242045	Subsidiary	100%	Section2(87)
5	Jyothy Fabricare Services Limited 'Ujala House', Ramkrishna Mandir Road, Kondivita, Andheri (East), Mumbai – 400 059, Maharashtra.	U17120MH2008PLC180246	Subsidiary	86.37%	Section2(87)

\* Wholly owned subsidiaries of Jyothy Fabricare Services Limited.

# Amalgamated with your Company vide Order of the Mumbai Bench of Hon'ble National Company Law Tribunal dated March 1, 2017 with appointed date as April 1, 2016.

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

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. as on 01/04/2016				No. of Shares held at the end of the year i.e. as on 31/03/2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	10,58,81,401	-	10,58,81,401	58.46	10,43,58,847	-	10,43,58,847	57.44	-1.02
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government (s).	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	1,50,00,000	-	1,50,00,000	8.28	1,50,00,000	-	1,50,00,000	8.26	-0.02
e) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
f) Any Other....									
Trust	-	-	-	-	21,75,000	-	21,75,000	1.20	1.20
Sub-total (A) (1):-	12,08,81,401	-	12,08,81,401	66.74	12,15,33,847	-	12,15,33,847	66.89	0.15
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoters (A) = (A)(1)+(A) (2)	12,08,81,401	-	12,08,81,401	66.74	12,15,33,847	-	12,15,33,847	66.89	0.15



Category of Shareholders	No. of Shares held at the beginning of the year i.e. as on 01/04/2016				No. of Shares held at the end of the year i.e. as on 31/03/2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	1,08,28,275	550	1,08,28,825	5.98	1,12,44,542	550	1,12,45,092	6.19	0.21
b) Banks / Financial Institutions	9,378	1,866	11,244	0.01	11,090	1,866	12,956	0.01	
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	60,73,329	-	60,73,329	3.35	61,85,679	-	61,85,679	3.40	0.05
g) Foreign Institutional Investors	1,55,73,147	-	1,55,73,147	8.60	11,74,936	-	11,74,936	0.65	-7.95
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
Foreign Portfolio Investor (Corporate)	1,06,10,345	-	1,06,10,345	5.86	2,31,15,598	-	2,31,15,598	12.72	6.86
Sub-total (B)(1):-	4,30,94,474	2,416	4,30,96,890	23.79	4,17,31,845	2,416	4,17,34,261	22.97	-0.82
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	60,24,878	3,207	60,28,085	3.33	56,03,837	3,207	56,07,044	3.09	-0.24
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	91,18,413	8,31,272	99,49,685	5.49	1,02,72,942	8,13,526	1,10,86,468	6.10	0.61
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1,50,681	0	1,50,681	0.08	1,59,130	0	1,59,130	0.09	0.01
c) Others (specify)									
1. Clearing Members	1,66,397	-	1,66,397	0.09	5,60,814	-	5,60,814	0.31	0.22
2.. Non-Resident Individuals (Repatriable)	3,30,923	5,801	3,36,724	0.19	3,61,684	5,726	3,67,410	0.20	0.01
3. Non-Resident Individuals (Non- Repatriable)	93,351	-	93,351	0.05	1,15,972	-	1,15,972	0.06	0.01
4. Trusts	90,721	-	90,721	0.05	2,00,946	-	2,00,946	0.11	0.06
5. Foreign Nationals	-	-	-	-	1,586	-	1,586	0.00	-
6. Hindu Undivided Family	3,25,745	-	3,25,745	0.18	3,16,246	-	3,16,246	0.17	-0.01
Sub-total (B)(2):-	1,63,01,109	8,40,280	1,71,41,389	9.47	1,75,93,157	8,22,459	1,84,15,616	10.14	0.67
Total Public Shareholding (B)=(B)(1)+ (B)(2)	5,93,95,583	8,42,696	6,02,38,279	33.26	5,93,25,002	8,24,875	6,01,49,877	33.11	-0.15
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	18,02,76,984	8,42,696	18,11,19,680	100	18,08,58,849	8,24,875	18,16,83,724	100	

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	M. P. RAMACHANDRAN	7,21,12,060	39.81	23.30	7,01,36,948	38.60	13.80	-1.21
2	SAHYADRI AGENCIES LIMITED	1,50,00,000	8.28	0.00	1,50,00,000	8.26	-	-0.02
3	M. P. DIVAKARAN	70,85,061	3.91	0.00	72,35,913	3.98	-	0.07
4	M. P. SIDHARTHAN	52,15,230	2.88	0.00	52,15,230	2.87	-	-0.01
5	M. R. DEEPTHY	50,30,032	2.78	0.00	51,80,885	2.85	-	0.07
6	M. R. JYOTHY	46,18,084	2.55	0.00	47,68,937	2.62	-	0.08
7	M. G. SHANTHAKUMARI	36,17,954	2.00	0.00	36,17,954	1.99	-	-0.01
8	U. B. BEENA	34,46,600	1.90	0.00	34,46,600	1.90	-	NIL
9	M. P. DIVAKARAN - HUF	19,04,000	1.05	0.00	19,04,000	1.05	-	NIL
10	K ULLAS KAMATH	14,51,380	0.80	0.00	14,51,380	0.80	-	NIL
11	SIDHARTHAN M. P. - HUF	13,20,000	0.73	0.00	13,20,000	0.73	-	NIL
12	K. K. SUJATHA	81,000	0.04	0.00	81,000	0.04	-	NIL
13	JAYA TRUST	-	-	-	21,75,000	1.20	-	1.20

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

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01/04/2016)		Date	Increase/ Decrease in no. of shares	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the Company
1	Mr. M. P. Ramachandran	7,21,12,060	39.81				7,21,12,060	39.81
				16/06/2016	1,95,388	Purchase	7,23,07,448	39.92
				17/06/2016	4,500	Purchase	7,23,11,948	39.92
				22/09/2016	-21,75,000	Transfer by way of Contribution	7,01,36,948	38.63
	As on 31/03/2017	7,01,36,948	38.60				7,01,36,948	38.60
2	Mr. M. P. Divakaran	70,85,061	3.91				70,85,061	3.91
				20/09/2016	1,50,852	Purchase	72,35,913	3.99
	As on 31/03/2017	72,35,913	3.98				72,35,913	3.98
3	Ms. M. R. Deepthy	50,30,032	2.78				50,30,032	2.78
				20/09/2016	1,50,853	Purchase	51,80,885	2.85
	As on 31/03/2017	51,80,885	2.85				51,80,885	2.85
4	Ms. M. R. Jyothy	46,18,084	2.55				46,18,084	2.55
				20/09/2016	1,50,853	Purchase	47,68,937	2.63
	As on 31/03/2017	47,68,937	2.62				47,68,937	2.62
5	Jaya Trust <sup>#</sup>	-	-				-	-
				22/09/2016	21,75,000	Contribution	21,75,000	1.20
	As on 31/03/2017	21,75,000	1.20				21,75,000	1.20

Note: Except for the above there is no change in the shareholding of the Promoter/ Promoters Group. However, there is change in the percentage shareholding of other Promoters due to the increase in Paid Up Share Capital of your Company during the Financial Year 2016-17 consequent to the shares allotted by your Company to its eligible employees under the approved ESOP Schemes.

#Jaya Trust became part of Promoter's Group w.e.f. September 22, 2016.

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

Sl. No.	Shareholders Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No. of shares at the beginning of the year (01-04-16)/End of the year 31-03-17)	% of total shares of the company				No. of shares	% of total shares of the company
1	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	58,38,347	3.22	01/04/2016				
				13/05/2016	60,755	Transfer	58,99,102	3.26
				20/05/2016	3,10,637	Transfer	62,09,739	3.43
				10/06/2016	47,869	Transfer	62,57,608	3.45
				15/07/2016	-8,248	Transfer	62,49,360	3.45
				19/08/2016	-4,10	Transfer	62,48,950	3.45
				26/08/2016	-5,900	Transfer	62,43,050	3.45
				02/09/2016	-2,689	Transfer	62,40,361	3.45
				09/09/2016	-1,830	Transfer	62,38,531	3.44
				16/09/2016	-1,830	Transfer	62,36,701	3.43
				30/09/2016	-9,15	Transfer	62,35,786	3.43
				07/10/2016	-1,830	Transfer	62,33,956	3.43
				21/10/2016	-1,032	Transfer	62,32,924	3.43
				04/11/2016	-1,032	Transfer	62,31,892	3.43
				11/11/2016	-516	Transfer	62,31,376	3.43
				25/11/2016	-1,00,631	Transfer	61,30,745	3.38
				02/12/2016	-30,539	Transfer	61,00,206	3.36
				09/12/2016	-53,204	Transfer	60,47,002	3.33
				16/12/2016	-732	Transfer	60,46,270	3.33
				13/01/2017	-69,491	Transfer	59,76,779	3.29
				27/01/2017	-1,06,724	Transfer	58,70,055	3.23
				03/02/2017	1,06,907	Transfer	59,76,962	3.29
				10/02/2017	-18,107	Transfer	59,58,855	3.28
				17/02/2017	-11,02,482	Transfer	48,56,373	2.67
				24/02/2017	10,72,953	Transfer	59,29,326	3.26
				03/03/2017	20,990	Transfer	59,50,316	3.28
				10/03/2017	57	Transfer	59,50,373	3.28
				17/03/2017	-19,933	Transfer	59,30,440	3.26
				24/03/2017	20,187	Transfer	59,50,627	3.28
				31/03/2017	70	Transfer	59,50,697	3.28
		59,50,627	3.28	31/03/2017			59,50,697	3.28
2	PRAZIM TRADING AND INVESTMENT CO. PVT. LTD.	0	0.00	01/04/2016				
				30/12/2016	83,511	Transfer	83,511	0.05
				24/03/2017	48,24,536	Transfer	49,08,047	2.70
				31/03/2017	-5,19,092	Transfer	43,88,955	2.42
		43,88,955	2.42	31/03/2017			43,88,955	2.42
3	FIDELITY INVESTMENT TRUST - FIDELITY SERIES INTERNATIONAL SMALL CAP FUND	35,01,337	1.93	01/04/2017				
				25/11/2016	60,000	Transfer	35,61,337	1.96
				02/12/2016	18,259	Transfer	35,79,596	1.97
				09/12/2016	31,741	Transfer	36,11,337	1.99
		36,11,337	1.99	31/03/2017			36,11,337	1.99

Sl. No.	Shareholders Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No. of shares at the beginning of the year (01-04-16)/End of the year 31-03-17)	% of total shares of the company				No. of shares	% of total shares of the company
4	EMBLEM FII	30,75,000	1.70	01/04/2016				
		30,75,000	1.69	31/03/2017			30,75,000	1.69
5	DSP BLACKROCK SMALL AND MID CAP FUND	16,46,515	0.91	01/04/2016				
				24/06/2016	93,365	Transfer	17,39,880	0.96
				01/07/2016	7,25,106	Transfer	24,64,986	1.36
				21/10/2016	10,448	Transfer	24,75,434	1.36
				04/11/2016	-32,998	Transfer	24,42,436	1.34
				11/11/2016	-4,984	Transfer	24,37,452	1.34
				03/03/2017	-21,819	Transfer	24,15,633	1.33
				10/03/2017	-6,198	Transfer	24,09,435	1.33
		24,09,435	1.33	31/03/2017			24,09,435	1.33
6	L AND T MUTUAL FUND TRUSTEE LTD-L AND T TAX ADVANTAGE FUND	29,67,403	1.64	01/04/2016				
				22/04/2016	-8,43,200	Transfer	21,24,203	1.17
				03/06/2016	-55,958	Transfer	20,68,245	1.14
				02/09/2016	14,755	Transfer	20,83,000	1.15
				23/09/2016	35,000	Transfer	21,18,000	1.17
				21/10/2016	23,541	Transfer	21,41,541	1.18
				28/10/2016	50	Transfer	21,41,591	1.18
				25/11/2016	4,283	Transfer	21,45,874	1.18
				02/12/2016	45,363	Transfer	21,91,237	1.21
				09/12/2016	11,033	Transfer	22,02,270	1.21
				16/12/2016	10,000	Transfer	22,12,270	1.22
				30/12/2016	22,700	Transfer	22,34,970	1.23
				13/01/2017	3,000	Transfer	22,3,970	1.23
				27/01/2017	50	Transfer	22,38,020	1.23
				03/02/2017	25,974	Transfer	22,63,994	1.25
				10/02/2017	24,752	Transfer	22,88,746	1.26
				24/02/2017	264	Transfer	22,89,010	1.26
				03/03/2017	25,000	Transfer	23,14,010	1.27
				10/03/2017	15,000	Transfer	23,29,010	1.28
		23,29,010	1.28	31/03/2017			23,29,010	1.28
7	PARVEST EQUITY INDIA	33,70,250	1.86	01/04/2016				
				29/07/2016	-70,000	Transfer	33,00,250	1.82
				25/11/2016	-2,10,250	Transfer	30,90,000	1.70
				02/12/2016	-1,90,000	Transfer	29,00,000	1.60
				23/12/2016	-1,68,468	Transfer	27,31,532	1.50
				30/12/2016	-72,033	Transfer	26,59,499	1.46
				06/01/2017	-2,14,777	Transfer	24,44,722	1.35
				13/01/2017	-1,80,000	Transfer	22,64,722	1.25
		22,64,722	1.25	31/03/2017			22,64,722	1.25

Sl. No.	Shareholders Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No. of shares at the beginning of the year (01-04-16)/End of the year 31-03-17)	% of total shares of the company				No. of shares	% of total shares of the company
8	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP	18,93,627	1.05	01/04/2016				
				09/09/2016	20,000	Transfer	19,13,627	1.05
				16/09/2016	25,000	Transfer	19,38,627	1.07
				23/09/2016	5,000	Transfer	19,43,627	1.07
				30/09/2016	10,000	Transfer	19,53,627	1.08
				07/10/2016	10,000	Transfer	19,63,627	1.08
				02/12/2016	5,000	Transfer	19,68,627	1.08
				06/01/2017	-5,000	Transfer	19,63,627	1.08
				13/01/2017	-5,000	Transfer	19,58,627	1.08
				03/03/2017	10,000	Transfer	19,68,627	1.08
				17/03/2017	15,000	Transfer	19,83,627	1.09
		19,83,627	1.09	31/03/2017			19,83,627	1.09
9	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE MIDCAP FUND	11,69,407	0.65	01/04/2016				
				20/05/2016	-800	Transfer	11,68,607	0.65
				27/05/2016	79,393	Transfer	12,48,000	0.69
				17/06/2016	18,000	Transfer	12,66,000	0.70
				24/06/2016	22,000	Transfer	12,88,000	0.71
				23/09/2016	3,05,000	Transfer	15,93,000	0.88
				18/11/2016	3,130	Transfer	15,96,130	0.88
				25/11/2016	39,700	Transfer	16,35,830	0.90
				30/12/2016	79,870	Transfer	17,15,700	0.94
				06/01/2017	54,229	Transfer	17,69,929	0.97
				03/03/2017	-1,000	Transfer	17,68,929	0.97
		17,68,929	0.97	31/03/2017			17,68,929	0.97
10	ABERDEEN GLOBAL-ASIAN SMALLER COMPANIES FUND	0	0.00	01/04/2016				
				04/11/2016	19,421	Transfer	19,421	0.01
				11/11/2016	54,010	Transfer	73,431	0.04
				18/11/2016	32,674	Transfer	1,06,105	0.06
				25/11/2016	3,32,101	Transfer	4,38,206	0.24
				02/12/2016	47,635	Transfer	4,85,841	0.27
				09/12/2016	1,47,255	Transfer	6,33,096	0.35
				16/12/2016	30,242	Transfer	6,63,338	0.37
				23/12/2016	76,662	Transfer	7,40,000	0.41
				06/01/2017	3,00,000	Transfer	10,40,000	0.57
				13/01/2017	4,67,547	Transfer	15,07,547	0.83
				20/01/2017	1,41,726	Transfer	16,49,273	0.91
				27/01/2017	30,084	Transfer	16,79,357	0.92
				10/02/2017	21,216	Transfer	17,00,573	0.94
		17,00,573	0.94	31/03/2017			17,00,573	0.94



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

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (As on 01/04/2016)		Date	Increase/ Decrease in no. of shares	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the company
1	Mr. M. P. Ramachandran	7,21,12,060	39.81				7,21,12,060	39.81
				16/06/2016	1,95,388	Purchase	7,23,07,448	39.92
				17/06/2016	4,500	Purchase	7,23,11,948	39.92
				22/09/2016	-21,75,000	Transfer by way of Contribution	7,01,36,948	38.63
	As on 31/03/2017	7,01,36,948	38.60				7,01,36,948	38.60
2	Mr. K. Ullas Kamath*	14,51,380	0.80	-	-	-	14,51,380	0.80
	As on 31/03/2017	14,51,380	0.80				14,51,380	0.80
3	Ms. M. R. Jyothy	46,18,084	2.55				46,18,084	2.55
				20/09/2016	1,50,853	Purchase	47,68,937	2.63
	As on 31/03/2017	47,68,937	2.62				47,68,937	2.62
4	Mr. S. Raghunandan#	1,95,388	0.11	-	-	-	1,95,388	0.11
	As on 23/05/2016	1,95,388	0.11				1,95,388	0.11
5	Mr. Nilesh Mehta	NIL	NIL	-	-	-	NIL	NIL
	As on 31/03/2017	NIL	NIL				NIL	NIL
6	Mr. Bipin Shah%	100	0.00				100	0.00
				29/04/2016	-100	Sale	NIL	NIL
	As on 11/08/2016	NIL	NIL				NIL	NIL
7	Mr. K. P. Padmakumar	NIL	NIL	-	-	-	NIL	NIL
	As on 31/03/2017	NIL	NIL				NIL	NIL
8	Mr. R. Lakshminarayanan	NIL	NIL	-	-	-	NIL	NIL
	As on 31/03/2017	NIL	NIL				NIL	NIL
9	Mr. M. L. Bansal§	NIL	NIL	-	-	-	NIL	NIL
	As on 23/05/2016	NIL	NIL				NIL	NIL
10	Mr. Shreyas Trivedi&	NIL	NIL	-	-	-	NIL	NIL
	As on 31/03/2017	NIL	NIL				NIL	NIL

\* Mr. K. Ullas Kamath is also holding position of Chief Financial Officer of your Company.

# Mr. S. Raghunandan relinquished the office of Whole Time Director and Chief Executive Officer w.e.f. May 23, 2016.

% Mr. Bipin Shah resigned from the office of Independent Director w.e.f. August 11, 2016.

§ Mr. M. L. Bansal relinquished the office of Company Secretary w.e.f. May 23, 2016.

& Mr. Shreyas Trivedi was appointed as Company Secretary w.e.f. May 23, 2016.

## V. INDEBTEDNESS

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

(Amt. in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year as on 01/04/2016</b>				
i) Principal Amount	4,00,00,00,000	-	-	4,00,00,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,12,94,11,166	-	-	1,12,94,11,166
<b>Total (i+ii+iii)</b>	<b>5,12,94,11,166</b>	<b>-</b>	<b>-</b>	<b>5,12,94,11,166</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition (Includes only Principal)	4,50,00,00,000	8,59,19,04,000	-	13,09,19,04,000
• Reduction (Includes only Principal)	(4,50,00,00,000)	(8,10,00,00,000)	-	(12,60,00,00,000)
<b>Net Change</b>	<b>-</b>	<b>49,19,04,000</b>	<b>-</b>	<b>49,19,04,000</b>
<b>Indebtedness at the end of the financial year as on 31/03/2017</b>				
i) Principal Amount	4,00,00,00,000	49,19,04,000	-	4,49,19,04,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9,28,13,370	-	-	9,28,13,370
<b>Total (i+ii+iii)</b>	<b>4,09,28,13,370</b>	<b>49,19,04,000</b>	<b>-</b>	<b>4,58,47,17,370</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amt. in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		M.P. Ramachandran	K. Ullas Kamath	S. Raghunandan	M.R. Jyothy	
		Chairman and Managing Director	Joint Managing Director & CFO	Whole Time Director & CEO*	Whole Time Director	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1	2,02,90,323	63,52,258	1,18,80,000	3,85,22,582
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	14,45,24,397	-	14,45,24,397
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	3,58,82,212	3,22,93,992	-	-	6,81,76,204
	- others, specify...	-	-	-	-	-
5	Others, please specify					
	Provident Fund	-	24,34,839	6,89,806	14,00,400	45,25,045
	Superannuation	-	20,29,032	-	-	20,29,032
	<b>Total (A)</b>	<b>3,58,82,213</b>	<b>5,70,48,186</b>	<b>15,15,66,461</b>	<b>1,32,80,400</b>	<b>25,77,77,260</b>
	Ceiling as per the Act	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013				

\*Mr. S. Raghunandan relinquished the office of Whole Time Director and Chief Executive Officer of your Company w.e.f. May 23, 2016 and the particulars of remuneration specified above except stock options are for the period April 1, 2016 upto May 23, 2016.

## B. Remuneration to Other Directors

(Amt. in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Bipin R. Shah*	Nilesh B. Mehta	K. P. Padmakumar	R. Lakshminarayanan	
1	Independent Directors					
	• Fee for attending board / committee meetings	60,000	1,55,000	90,000	1,05,000	4,10,000
	• Commission	-	8,00,000	8,00,000	8,00,000	24,00,000
	• Others, please specify	-	-	-	-	-
	Total (1)	60,000	9,55,000	8,90,000	9,05,000	28,10,000
2	Other Non-Executive Directors					
	• Fee for attending board / committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total Managerial Remuneration	60,000	9,55,000	8,90,000	9,05,000	28,10,000
	Total (B)=(1)+(2)					
	Overall Ceiling as per the Act	1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013				

\*The remuneration paid to Mr. Bipin R. Shah is for the period from April 1, 2016 to August 11, 2016.

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

(Amt. in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO*	Murari Lal Bansal#	Shreyas Trivedi	CFO*	
			Company Secretary	Company Secretary		
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	8,70,000	55,09,241	-	63,79,241
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	22,243	-	-	22,243
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify...	-	-	-	-	-
5	Others, please specify					
	Provident Fund	-	90,000	3,29,032	-	4,19,032
	Superannuation	-	-	-	-	-
	Total (A)	-	9,82,243	58,38,273	-	68,20,516

\*Mr. S. Raghunandan, Whole Time Director held the position of CEO upto May 23, 2016 and thereafter Mr. M. P. Ramachandran holds that position and Mr. K. Ullas Kamath, Joint Managing Director holds the position of CFO and the details of remuneration paid to them are provided in VI (A) above.

# The Remuneration paid to Mr. M. L. Bansal is for the period April 1, 2016 upto May 23, 2016 and to Mr. Shreyas Trivedi is for the period from May 23, 2016 upto March 31, 2017.

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

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act, 2013 against the Company or its Directors or other officers in default, if any, during the year under review.

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

Sd/-  
M.P. Ramachandran  
Chairman and Managing Director  
DIN: 00553406

Place: Mumbai  
May 18, 2017

# PARTICULARS OF EMPLOYEES

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

**A. Employed throughout the Financial Year 2016-17 with an aggregate salary not less than ₹1,02,00,000/- per annum:**

Name	Age	Qualification	Designation	Date of Commencement of employment	Experience (years)	Total Gross Remuneration	Previous Employment
M.P.RAMACHANDRAN	71	Postgraduate Degree in Financial Management	Chairman and Managing Director	15-01-1992	42 years	3,58,82,213	Proprietor – Jyothy Laboratories
K.ULLAS KAMATH	54	M.Com., F.C.A., A.C.S., L.L.B., A.M.P. – Wharton Business School and Harvard Business School, U.S.A	Joint Managing Director and Chief Financial Officer	26-03-1997	31 years	5,70,48,186	Practicing Chartered Accountant
M.R.JYOTHY	39	Bcom, MBA, Family Managed Business administration from S.P.Jain Institute of Management, Owner/ President Management Programme from Harvard University, USA	Whole Time Director and Chief Marketing Officer	01-01-2004	13 years	1,32,80,400	-
RAJNIKANT SABNAVIS	50	B.E. (Mech), MBA.	Chief Operating Officer	21-10-2013	26 years	3,83,79,287	Unilever / Regional Category Vice President (Hair Care - South Asia)
NEETU KASHIRAMKA	43	B. Com, CA.	VP - Finance	21-11-2000	19.5 years	1,24,64,154	Kewal Kiran & Co- Asst. Manager- Accounts
S SOMASUNDARAM	47	B. Sc.	VP - Supply Sourcing & Manufacturing	17-08-2012	21.7 years	1,03,57,843	Kumar Organic Product Limited - Vice President Operation
VENKITACHALAM IYER	55	B. Com	Head - Corporate Sales	07-12-1999	17.8 years	1,07,04,928	Henkel India Limited - Head -Corporate Sales

**B. Employed for part of the Financial Year 2016-17 with an aggregate salary not less than ₹8,50,000/- per month:**

S. RAGHUNANDAN	52	PGDBM-IIM Calcutta, M.Sc., BE Hons in Chemical Engg – BITS Pilani	Whole Time Director and Chief Executive Officer	23-05-2012	26 years	15,15,66,461	Managing Director – Reckitt Benckiser India Limited
----------------	----	---	---	------------	----------	--------------	---

Note:

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

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

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 are as under:

Sl. No.	Name of Director	Designation	Remuneration Current Year	% increase in Remuneration in the financial year 2016-17	Ratio of remuneration of each Director to median remuneration of employees
1	M. P. Ramachandran	Chairman and Managing Director	3,58,82,213	-14.78	129:1
2	K. Ullas Kamath	Joint Managing Director and Chief Financial Officer	5,70,48,186	-4.69	205:1
3	S. Raghunandan (resigned w.e.f. May 23, 2016)	Whole Time Director and Chief Executive Officer	15,15,66,461	212.43	545:1
4	M. R. Jyothy	Whole Time Director & Chief Marketing Officer	1,32,80,400	29.59	48:1
5	Nilesh B. Mehta	Independent Director	9,55,000	No change	3:1
6	K.P. Padmakumar	Independent Director	8,90,000	-3.26	2:1
7	Bipin R. Shah (resigned w.e.f. August 11, 2016)	Independent Director	60,000	-93.58	0.02:1
8	R. Lakshminarayanan	Independent Director	9,05,000	2.26	3:1
9	Murari Lal Bansal* (relinquished w.e.f. May 23, 2016)	Company Secretary	9,70,993	-78.69	3:1
10	Shreyas Trivedi	Head-Leagl & Company Secretary	58,38,273	-	21:1

- (ii) In the financial year, there was an increase of 21.93 % in the median remuneration of employees;
- (iii) There were 2,391 permanent employees on the rolls of Company as on March 31, 2017;
- (iv) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 was 11.58 % whereas the managerial remuneration for the same financial year increased by 49.28%.
- (v) The key parameters for the variable component of remuneration availed by the directors are as per the Remuneration Policy of the Company.
- (vi) It is hereby affirmed that the remuneration paid is as per Remuneration Policy for Directors, Key Managerial Personnel and other Employees.



# DIVIDEND DISTRIBUTION POLICY

## 1. Background, Scope and Purpose:

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

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

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

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

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

## 2. Definitions:

- 2.1 "Board" shall mean Board of Directors of the Company.
- 2.2 "Companies Act" shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended from time to time.
- 2.3 "Dividend" represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend.

2.4 "Listed Entity / Company" shall mean Jyothy Laboratories Limited.

2.5 "Policy" means Dividend Distribution Policy.

2.6 "Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified by the Securities and Exchange Board of India, as amended, from time to time.

2.7 "Stock Exchange" shall mean a recognised Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956.

## 3. Dividend distribution philosophy:

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

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

### A. Financial parameters and Internal Factors-

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

### B. External Factors-

- Cost and availability of alternative sources of financing

- Economic Environment
- Capital Markets
- Dividend Payout ratio of competitors
- Macroeconomic and business conditions in general

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

## 5. Manner of Dividend Payout:

### A. In case of final dividend:

- Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

### B. In case of interim dividend:

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

## 6. Utilisation of retained earnings:

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

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc. where the cost of debt/capital is high
- Buyback of shares subject to applicable limits
- Payment of Dividend in future years
- Issue of Bonus shares

- Replacement of Capital Assets
- Any other permissible purpose

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

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

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

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

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

## 9. Modification of the Policy:

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

## 10. Disclaimer:

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

# BUSINESS RESPONSIBILITY REPORT

## Section A: General Information about the Company

1.	Corporate Identity Number (CIN)	L24240MH1992PLC128651
2.	Name of the Company	JYOTHY LABORATORIES LIMITED
3.	Registered address	'Ujala House', Ramakrishna Mandir Road, Kondivita, Andheri (East), Mumbai – 400 059
4.	Website	www.jyothy laboratories.com
5.	Email id	secretarial@jyothy.com
6.	Financial year reported	2016-17 (for the year ended 31 <sup>st</sup> March, 2017)
7.	Sector(s) that the Company is engaged in (industrial activity code-wise) (NIC Code)	20233 - Detergents 20231 - Soaps 20211 - Mosquito Repellent
8.	List three key products / services that the Company manufactures/ provides (as in balance sheet)	1. Fabricare (Detergents, Detergent Bar and Fabric Whitener) 2. Dishwash (Dishwash Bar and Liquid) 3. Household Insecticides (Mosquito repellent coil and liquid vapouriser)
9.	Total number of locations where business activity is undertaken by the Company	
	i) International locations	None
	ii) National locations	<p><b>Registered Office:</b> 'Ujala House', Ramakrishna Mandir Road, Kondivita, Andheri (East), Mumbai – 400 059</p> <p><b>Zonal Offices:</b>  <b>West Zone</b>  43, Shivshkati Industrial Estate,  Andheri Kurla Road,  Marol, Andheri, Mumbai – 400 059</p> <p><b>East Zone</b>  "POONAM BUILDING"  5/2, Russel Street, Flat No 3A &amp; 3B,  Kolkata - 700 071</p> <p><b>North Zone</b>  304-305, 3<sup>rd</sup> Floor, K.M Trade Tower,  Sector-14, Kaushambi,  Near Radisson Blue Hotel,  Ghaziabad, Uttar Pradesh-201 010</p> <p><b>South Zone</b>  N 903 - 904, Rear Wing,  Manipal Centre, Bangalore – 560 042,</p> <p>For details of manufacturing locations, please refer Corporate Governance Report forming part of the Annual Report 2016-17.</p>
10.	Markets served by the Company - Local / State / National / International	National and International

## Section B: Financial Details of the Company

(₹ in Lacs)

1.	Paid up Capital of the Company (As on March 31, 2017)	₹1,816.84 (18,16,83,724 Equity shares of ₹1 each)
2.	Total turnover (For the financial year 2016-17)	₹1,69,815.90 (Standalone)
3.	Total profit after tax (For the financial year 2016-17)	₹20,204.77 (Standalone)
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	1.62% (₹238.37 lacs) (Balance of 0.38% amounting to ₹55.73 lacs will be spent in financial year 2017-18)
5.	List of activities in which expenditure in four above was incurred:	Please refer Annual Report on CSR Activities annexed to the Directors' Report

## Section C: Other Details

1.	Does the Company have any Subsidiary Company / Companies?	Yes
2.	Does the subsidiary Company / Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company(s).	No
3.	Does any other entity / entities (e.g. suppliers, distributors etc.), that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	No entity participates in the BR initiatives of the Company. However the Company encourages its suppliers, distributors, etc to adopt BR initiatives and follow good business practices.

## Section D: BR Information

### 1. Details of Director / Directors responsible for BR

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

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

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

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

### (a) Details of Compliance:

	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. Do you have a policy/ policies for.	Y	Y	Y	Y	Y	Y	Y	Y	Y
2. Has the policy been formulated in consultation with the relevant stakeholders?[1]	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Does the policy conform to national / international standards? If yes, specify? (50 words)	The policies conform to the nine principles of National Voluntary Guidelines (NVGs) for Business Responsibility Report								
4. Has the policy been approved by the Board? If yes, has it been signed by the MD / Owner / CEO appropriate Board Director? [2]	Y	Y	Y	Y	Y	Y	Y	Y	Y
5. Does the Company have a specified committee of the Board/ Director / Official to oversee the implementation of the policy? [3]	Y	Y	Y	Y	Y	Y	Y	Y	Y
6. Indicate the link to view the policy online. [4]	Please refer Note 4 given below								
7. Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8. Does the Company have in-house structure to implement its policy / policies? [7]	Y	Y	Y	Y	Y	Y	Y	Y	Y
9. Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10. Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y



## Notes

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

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

	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. The Company has not understood the Principles									
2. The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles									
3. The Company does not have financial or manpower resources available for the task									
4. It is planned to be done within next six months									
5. It is planned to be done within next one year									
6. Any other reason (please specify)									

Not Applicable

## 3. Governance related to BR

1. Indicate the frequency with which the Board of Directors, Committee of the Board or the CEO assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year	The Chairman & Managing Director and / or Joint Managing Director shall assess the BR performance of the Company on an annual basis.
2. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing the report? How frequently it is published?	The requirements of Business Responsibility reporting have become applicable to the Company from April 1, 2016. Accordingly, the first Business Responsibility Report will be for the FY 2016-17 and the same shall be published on a yearly basis from FY 2017-18 onwards. The link for Business Responsibility Report is <a href="http://www.jyothy laboratories.com">http://www.jyothy laboratories.com</a> .

## Section E: Principle-wise performance

### Principle 1: Ethics, Transparency and Accountability

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

- |  |  |
|--|--|
| 1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?                | The Policy relating to Ethics, Transparency and Accountability at present covers the Company only. The policy includes a Code of Conduct prescribed by the Company for all its employees including the Directors. The policy does not extend to the Group/ Joint Venture/ Suppliers, etc. However, the Company encourages parties associated with its value chain like vendors, suppliers, contractors, etc. to follow the principles envisaged in the policy. |
| 2. How many stakeholder complaints were received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof in about 50 words or so. | During the financial year 2016-17, no stakeholder complaints were received.  |

### Principle 2: Product Lifecycle Sustainability

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

- |   |  |
|---|--|
| 1. List three of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities | <p><b>Exo Dish Wash Bar / Round</b></p> <p>Exo Dish Wash Bar is an anti-bacterial dish wash that offers ultra-clean dish-washing and superior hygiene. First in its category, Exo Dish Wash Bar is a pioneering product that incorporates 'Cyclozan', a highly active anti-bacterial agent often used in toothpastes, and hence safe, however tough against germs that cause food poisoning.</p> <p>Exo Dish Wash Round, the unique round shape of the bar has clear advantage over the traditional rectangular bars available in the market. Given its round shape, the bar is used in its entirety and ensures zero wastage. Add to that, the innovative Anti-Sogg formula that prevents excessive melting of the bar when in contact with water, which makes the Exo Dish Wash Round a great value for money choice.</p> <p><b>Henko LINTelligent Detergent Powder</b></p> <p>The powder is pink in colour, while the texture is soft and smooth with a fine perfume scent that gives you a whole new washing experience while giving one's clothes a new look and protecting it from ageing. Henko with a LINT Reduction Power of 127% is a result of intensive research specially designed to not just clean and remove stains, but its unique Nano Fibre Lock Technology locks fraying fibres and conditions them to keep the colour and sheen intact. Henko is available in a Matic variant for Top Load and Front Load washing machines as well as a bucket wash variant called Wonder Wash.</p> |
|---|--|

	<p><b>Margo Original Neem Soap – Infused with Neem Oil</b> In India, Neem and skin care have gone hand in hand for generations, and if there's one brand that is the very essence of Neem, that's Margo. In fact, Margo has been a family heritage since 1920. Infused with 100% Neem Oil and Vitamin E, Margo Original Neem is just the soap for those looking for healthy skin and has high standards for hygiene.</p> <p><b>PRIL LIQUID – Dish Wash</b> Pril Liquid has a unique formula making it non messy and gentle to the skin, thus leaving both the dishes as well as hands clean, smooth and pleasant. Among other ingredients is a potent antibacterial element that easily deals with even the toughest of bacteria.</p>
2. For each such product, provide the following details in respect of resource use (energy, water, raw material and so on) per unit of product (optional)	<p>a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?</p> <p>The Company has undertaken various initiatives for efficient and optimal use of resources. The Consumption per unit varies as per the product mix and hence it is not possible to ascertain reduction achieved at each level.</p> <p>b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?</p> <p>The Company through continuous improvement and innovation in product formulations tries to ensure lesser consumption of water and other resources, however the same cannot be quantified in real terms.</p>
3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so	Yes. The Company has implemented various sustainable supply chain practices and initiatives and at the same time ensures timely and cost effective deliveries for necessary resources.
4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what initiatives were taken to improve their capacity and capability of local and small vendors?	The Company accords priority to local suppliers in procurement of stores and spares and other consumables. The Company takes steps for capacity building of local and small vendors. The Company's contractors who supply labour services for plant operations employ workmen from nearby communities. This workforce is educated and provided training for occupational health and safety.
5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling them (separately as <5%, 5-10%, >10%)? Also provide details thereof, in about 50 words or so	Yes, the Company has a mechanism to recycle its products for further usage. The percentage of recycling of process waste is approximately 5%.

**Principle 3: Employee Wellbeing****Businesses should promote the wellbeing of all employees**

1. Total number of employees.	The Company believes that employees play a pivotal role and are the key to the success of the organization.
2. Total number of employees hired on temporary / contractual / casual basis	The Company provides a work environment that is free from any form of discrimination among employees. As on March 31, 2017, the Company has a total workforce of 2,391 employees consisting of 480 woman employees.
3. Total number of permanent women employees	
4. Total number of permanent employees with disabilities	
5. Do you have an employee association that is recognized by the Management?	At present there are six management recognized employee associations which have approximately 400 permanent employees as its member.
6. What percentage of your permanent employees are members of this recognised employee association?	
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour and sexual harrassment in the last financial year and pending, as on the end of the financial year	The Company has not received any complaints relating to child labour, forced labour, involuntary labour, sexual harassment during the FY 2016-17 and hence pendency of the same does not arise.
8. What percentage of your employees that were given safety and skill up-gradation training in the last year?	Majority of the employees were imparted safety and skill up-gradation training. The Company conducts from time to time training programs at all its factory units, zonal offices and registered office.

**Principle 4: Stakeholder Engagement****Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised**

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

## Principle 5: Human Rights

### Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	The Company values and respects the human rights and shall always remain committed for its protection. The Company's Code of Business Conduct, policy on sexual harassment at workplace and the human resource practices cover most of these aspects. The Company encourages all its contractors, group companies, joint ventures and suppliers to adopt good practices in this regard.
2. How many stakeholder complaints were received in the past financial year and what percent was satisfactorily resolved by the Management?	No stakeholder complaint pertaining to human rights was received in FY 2016-17.

## Principle 6: Environmental Management

### Businesses should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	The Company has high regards for Environmental Sustainability and it strives hard for preservation of the environment by striking a balance between economic growth and ecology. The Company's plants have state-of-the-art facilities and six of its plants are ISO 9001-2015 certified. The Subsidiaries, Joint ventures and other third party/ vendors are encouraged to adopt the similar practices that are followed by the Company.
2. Does the Company have strategies / initiatives to address global environmental issues, such as climate change, global warming, and others? If yes, please give hyperlink for webpage etc.	The Company undertakes various initiatives for environmental protection, safety and health of both the employees and other living beings in the vicinity. The Company tries to address the global environmental issues, such as climate change, global warming, etc. by installing various RO and other effluent treatment plants and ambient air monitoring system at its plants situated at various locations. The Company frames a plant layout with an emphasis on Environment, Safety and Health concerns. The Company has adopted an initiative called greenery on earth under which various trees are planted at the plant locations to tackle with the issue of carbon footprint. The Company also celebrates World Environment Day, Safety Week and Health Day and various new initiatives are undertaken on these occasions.
3. Does the Company identify and assess potential environmental risks? Y / N	Yes. The Company has a Risk Management mechanism in place to identify and assess existing and potential environmental risks across its operations.
4. Project(s) related to Clean Development Mechanism	Currently, the Company is not undertaking any project related to Clean Development Mechanism.
5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy and so on? If yes, please give hyperlink to web page and others.	Yes, the Company has taken multiple initiatives towards energy efficiency and use of renewable energy at its site. The Company has adopted a robust waste management system which ensures reduction of waste by minimizing waste at source and recycle waste materials. Other initiatives of the Company include installation of RO and other effluent treatment plants and ambient air monitoring system, replacement of tube light with LED and plantation of trees at various plant locations.



6. Are the emissions / waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?	Emissions / wastes generated by the Company are within permissible limits. The Company regularly submits reports on emission levels to CPCB/SPCB.
7. Number of show cause / legal notices received from CPCB / SPCB, which are pending (i.e. not resolved to satisfaction) as on the end of the financial year.	The Company has not received any show cause / legal notices from CPCB / SPCB in FY 2016-17 and hence question of pendency does not arise.

#### Principle 7: Policy Advocacy

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

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

#### Principle 8: Inclusive Growth

Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, provide details thereof	Yes, the Company considers social development as an important aspect of its operations. It has aligned its thrust areas in line with the requirements of Schedule VII to the Companies Act, 2013. To oversee implementation of various initiatives, the Company has formed a Board Level Committee called Corporate Social Responsibility Committee. The Company has adopted a policy on Corporate Social Responsibility to streamline its efforts towards Corporate Social Responsibility and support inclusive growth and equitable development.
2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organisation?	The projects are mostly undertaken through in-house teams and occasionally in co-ordination with external agencies like NGOs and Trusts.
3. Has the Company done any impact assessment for its initiative?	Impact assessment is conducted on regular basis and is reviewed from time to time. Based on these impact assessments, the Company decides upon appropriate intervention required to be undertaken.
4. What is the Company's direct contribution to community development projects (Amount in INR and the details of the projects undertaken)?	The Company has spent an amount of ₹238.37 Lacs in various CSR activities during the financial year 2016-17. The details of the amount incurred and areas covered are given in the report on Corporate Social Responsibility annexed to and forming part of the Directors' Report.

5.	Has the Company taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in around 50 words	All the Company's social development programmes are implemented based on the needs within the community. Its programmes on education, sanitation, skill development and more have ensured involvement and sustained participation from the community members. They are involved for better implementation of the projects in their respective areas. The Company's social initiative continuously focuses on benefiting both individual and the community at large.
----	--	---

## Principle 9: Value for Customers

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

1.	What percentage of customer complaints / consumer cases is pending, as on the end of the financial year?	The Company believes in providing a high quality product to its customers at an affordable price after taking into consideration the needs of the customers. The Company has in place an established feedback system to deal with the customers' feedback and complaints. All the customers' concerns are taken up and resolved immediately to the satisfaction of the customers. As on the end of financial year 2016-17, there were no complaints remaining unresolved.
2.	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)	The Company displays all the information on the product label as mandated by the regulations to ensure full compliance with relevant laws and other additional information as well, if available on case to case basis.
3.	Cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on the end of the financial year. If yes, provide details thereof, in about 50 words or so	The Company never indulges in any anti-competitive behavior and understands that consumers are the most important stakeholder for the Company. There are no cases filed against the Company in relation to unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year 2016-17.
4.	Did the Company carry out any consumer survey / consumer satisfaction trends?	The Company values its customer's voice, and has actively engaged external independent agencies who carry out Customer Satisfaction Survey for and on behalf of the Company to assess the consumer satisfaction levels for its products and consumer trends.

# REPORT ON CORPORATE GOVERNANCE

## Company's Philosophy on Corporate Governance

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

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

## Board of Directors

### Composition:

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

the Board of Directors comprising of non-executive directors. During the year, Mr. S. Raghunandan, Whole Time Director and Chief Executive Officer of your Company relinquished his office as such w.e.f. May 23, 2016 and Mr. Bipin R. Shah, Independent Director of your Company resigned from the Board of your Company on August 11, 2016 and thus, the Board currently comprises of 6 (Six) Directors of whom 3 (Three) are Executive Directors and 3 (Three) are Independent Directors. Mr. M. P. Ramachandran is the Promoter and the Chairman & Managing Director of your Company and accordingly 50 percent of the Board consists of Independent Directors. The composition of the Board of Directors of your Company is in conformity with the provisions of Companies Act, 2013 and Regulation 17 of the Listing Regulations.

During the year ended on March 31, 2017, the Board of Directors of your Company met six times viz., on May 23, 2016, August 11, 2016, October 25, 2016, December 8, 2016, January 20, 2017 and March 31, 2017. The last Annual General Meeting (AGM) of your Company was held on July 21, 2016.

The details of composition of the Board of Directors, category of Directors and the relationship between the Directors inter-se and attendance of the Directors at the aforesaid Board meetings and Annual General Meeting are as under:

Name of the Director	Category/ Designation	Directors' Identification Number	Relationship with other Directors	Number of Board Meetings attended in FY 2016-17	Attendance at the Last Annual General Meeting
Mr. M. P. Ramachandran	Promoter/ Chairman & Managing Director	00553406	Father of Ms. M. R. Jyothy	6	Yes
Mr. K. Ullas Kamath	Joint Managing Director & Chief Financial Officer	00506681	None	5	Yes
Mr. S. Raghunandan <sup>#</sup>	Whole Time Director & Chief Executive Officer	02263845	None	1	No
Ms. M. R. Jyothy	Whole Time Director & Chief Marketing Officer	00571828	Daughter of Mr. M. P. Ramachandran	6	Yes
Mr. Nilesh B. Mehta	Independent Director	00199071	None	6	Yes
Mr. K. P. Padmakumar	Independent Director	00023176	None	3	No
Mr. Bipin R. Shah <sup>*</sup>	Independent Director	00006094	None	2	Yes
Mr. R. Lakshminarayanan	Independent Director	00238887	None	5	No

<sup>#</sup> Ceased to be a Whole Time Director and Chief Executive Officer w.e.f. May 23, 2016.

<sup>\*</sup> Ceased to be an Independent Director w.e.f. August 11, 2016.

## Board Members and their Directorships in other Public Limited Companies and Committees thereof as on March 31, 2017:

Name of Directors	Directorships in other Public Limited Companies #		Committee positions in other Public Limited Companies @	
	Public	Listed	Member	Chairman
Mr. M. P. Ramachandran	2	-	2	-
Mr. K. Ullas Kamath	1	1	2	-
Ms. M. R. Jyothy	1	-	-	-
Mr. Nilesch Mehta	-	1	-	-
Mr. K. P. Padmakumar	2	-	1	1
Mr. R. Lakshminarayanan	1	1	2	1

# Excludes directorship in Indian Private Limited Companies, Foreign Companies, Companies under section 8 of the Companies Act, 2013 and that of your Company.

@ Only chairmanship / membership of Audit Committee and Stakeholders' Relationship Committee are considered excluding that of your Company. Committee Membership(s) and Chairmanship(s) are counted separately.

## Familiarization Programmes

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

## Audit Committee

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

## Composition, Meetings and Attendance

During the year under review i.e. April 1, 2016 to March 31, 2017, five Meetings of Audit Committee were held on May 23, 2016, August 11, 2016, October 25, 2016, January 20, 2017 and March 31, 2017 respectively. The Composition of the committee and attendance of each Committee Member is as under:

Sr. No.	Name of the Directors	No. of Meetings attended
1	Mr. Nilesch B. Mehta (Chairman) – Independent	5
2	Mr. K. P. Padmakumar – Independent	3
3	Mr. Bipin R. Shah – Independent*	2
4	Mr. K. Ullas Kamath – Joint Managing Director & CFO	5
5	Mr. R. Lakshminarayanan – Independent**	2

\*Ceased to be the member of the Audit Committee w.e.f. August 11, 2016.

\*\* Appointed as a member of the Audit Committee w.e.f. October 25, 2016.

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

## Terms of Reference of Audit Committee

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
3. Approval of payment to the Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013,
  - b. Changes, if any, in accounting policies and practices and reasons for the same,
  - c. Major accounting entries involving estimates based on the exercise of judgment by management,

- d. Significant adjustments made in the financial statements arising out of audit findings,
- e. Compliance with the listing and other legal requirements relating to financial statements,
- f. Disclosure of any related party transactions,
- g. Modified opinion(s) in the draft Audit Report;
5. Reviewing with the management, examine the quarterly and annual financial statements and auditors' report before submission to the Board for approval;
6. Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
14. Discussion with Internal Auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain

any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism or Vigil mechanism;
19. Approval of appointment of Chief Financial Officer (i.e. the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## Nomination, Remuneration and Compensation Committee

### Composition, Meetings and Attendance

The Nomination, Remuneration and Compensation Committee of your Company comprise of four Members and is constituted in accordance with Section 178 and other provisions of Companies Act, 2013 and Regulation 19 of the Listing Regulations. The Committee during the year ended March 31, 2017 met 3 times viz., on May 23, 2016, August 11, 2016 and October 25, 2016. The Members of the Committee and their attendance at these meetings was as under:

Sr. No.	Name of the Directors	Category	No. of Meetings Attended
1	Mr. Nilesh B. Mehta (Chairman)	Independent Director	3
2	Mr. M. P. Ramachandran	Chairman & Managing Director	3
3	Mr. K. P. Padmakumar	Independent Director	2
4	Mr. R. Lakshminarayanan	Independent Director	3

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

The role and terms of reference of the Committee are in line with the provisions of Regulation 20 read with Part D of Schedule II of the Listing Regulations and section 178 of the Companies Act, 2013. The Committee is empowered to do the following:

- (1) To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, a policy relating to

appointment and remuneration for Directors, Key Managerial Personnel and other senior employees;

- (2) To formulate criteria for evaluation of the members of the Board of Directors including Independent Directors, the Board of Directors and the Committees thereof;
- (3) To devise policy on Board Diversity;
- (4) To identify persons, qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board, their appointment and where necessary, their removal;
- (5) To formulate policy ensuring the following:
  - a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully,
  - b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks, and
  - c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- (6) To design Company's policy on specific remuneration packages for Executive/ Whole Time Directors and Key Managerial Personnel including pension rights and any other compensation payment;
- (7) To determine, peruse and finalize terms and conditions including remuneration payable to Executive/ Whole Time Directors and Key Managerial Personnel of the Company from time to time;
- (8) To review, amend or ratify the existing terms and conditions including remuneration payable to Executive/Whole Time Directors and Key Managerial Personnel of the Company;
- (9) To apply to the Ministry of Corporate Affairs, New Delhi or any authority regarding the approval for payment of remuneration to Executive/ Whole Time Directors as may be required under the said Act;
- (10) To consider and approve ESOP Scheme and to perform all such acts, deeds and functions including, but not limited to, the matters specified

in clause 5 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee stock Purchase Scheme) Guidelines, 1999 as amended from time to time and matters incidental/ supplemental thereto;

- (11) To recommend to the Board of Directors, their decisions and further actions as they may deem fit.

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

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

- 1) Ethics and Values
- 2) Knowledge and proficiency
- 3) Diligence
- 4) Behavioural traits; and
- 5) Efforts for personal development

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

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

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

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

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

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



- iii) The total score for an independent director will be arrived at by adding the scores from all evaluators and dividing such total score by the number of evaluators.

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

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

### Remuneration Policy

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

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

- b) The determination of remuneration for other employees shall be governed by the HR Policy.
- c) The proposal for the appointment of an Executive Director/ Key Managerial Personnel shall provide necessary information in this regard which the Board will consider in arriving at the conclusion as to whether or not the remuneration offered to the candidate is appropriate, reasonable and balanced as to the fixed and variable portions (including the commission).
- d) The remuneration payable to the Executive Directors, including the Commission and value of the perquisites, shall not exceed the permissible limits as are mentioned within the provisions of the Companies Act, 2013.
- e) The Executive Directors shall not be eligible to receive sitting fees for attending the meetings of the Board or committees thereof of the Company and its subsidiary Companies.
- f) The Independent Directors shall not be eligible to receive any remuneration/ salary from the Company. However, the Non-Executive Directors shall be paid sitting fees for attending the meeting of the Board and committees thereof and commission, as may be decided by the Board/ Shareholders from time to time.
- g) The Independent Directors shall also be eligible to reimbursement of reasonable out-of-pocket expenses incurred by them for attending meetings of Board, Committees or Shareholders, including the travelling and lodging & boarding expenses on an actual basis.

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

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

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

## Details of Remuneration paid to Directors for the financial year ended March 31, 2017:

### Executive Directors

(Amount in ₹)

Name of the Director	Salary including Benefits & Perquisites	Provident Fund	Superannuation	Commission payable	Stock Options	Total
M. P. Ramachandran	1	-	-	3,58,82,212	-	3,58,82,213
K. Ullas Kamath	2,02,90,323	24,34,839	20,29,032	3,22,93,992	-	5,70,48,186
S. Raghunandan#	63,52,258	6,89,806	-	-	14,45,24,397*	15,15,66,461
M. R. Jyothy	1,18,80,000	14,00,400	-	-	-	1,32,80,400

For further details please refer to Note No. 35 of the Notes to Financial Statements which form part of the Annual Report.

# Relinquished office of the Whole Time Director and Chief Executive Officer w.e.f. May 23, 2016

\*Initially 27,15,352 stock options were granted, out of which 4,52,559 options were cancelled by mutual agreement between the Company and the Grantee. The options shall vest over a period of 4 years on the basis of time and performance. Exercise period will be 5 years from the date of vesting of options and Exercise price will be ₹1/- per share. Out of the 22,62,793 options granted, Mr. S. Raghunandan has exercised 4,52,558 options and accordingly your Company has allotted 4,52,558 shares to him at the exercise price of ₹1/- per share.

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

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

As per the resolution passed by your Company through Postal Ballot dated May 23, 2012, the Members had approved commission payable to the Non-Executive and Independent Directors of your Company for an amount not exceeding 1% of the net profits of your Company calculated in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 (Section 198 of the Companies Act, 2013) in such manner as may be determined by the Board of Directors from time to time within the said limits.

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

Details of sitting fees & commission paid to the Independent Directors during the year 2016-17 along with their Shareholding as on date of this Report are as under:

Sr. No.	Name of the Directors	Sitting Fees (₹)	Commission (₹)	No. of Shares held
1	Mr. Nilesh B. Mehta	1,55,000	8,00,000	-
2	Mr. Bipin R. Shah*	60,000	-	-
3	Mr. K. P. Padmakumar	90,000	8,00,000	-
4	Mr. R. Lakshminarayanan	1,05,000	8,00,000	-

\* Ceased to be an Independent Director w.e.f. August 11, 2016.

## Stakeholders' Relationship Committee

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

The Committee is headed by Mr. Nilesh B. Mehta, Independent Director and consists of other three members as stated below. During the year ended March 31, 2017, this Committee had 4 meetings which were held on May 23, 2016, August 11, 2016, October 25, 2016 and January 20, 2017 and attended by the members as under:

Sr. No.	Name of the Directors	Category	No. of Meetings Attended
1	Mr. Nilesh B. Mehta	Independent Director	4
2	Mr. Bipin R. Shah*	Independent Director	2
3	Mr. M. P. Ramachandran	Chairman & Managing Director	4
4	Mr. R. Lakshminarayanan**	Independent Director	1

\*Ceased to be the member of the Committee w.e.f. August 11, 2016.

\*\* Appointed as a member of the Committee w.e.f. October 25, 2016.

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

During the financial year, your Company received 48 complaints/ correspondences and all of them were disposed off.

## Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee was constituted pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, on May 22, 2014. The Composition of the Committee and attendance of the members of the Committee at the meetings held is as below. The CSR Committee met two times during the year ended March 31, 2017 viz., on May 23, 2016 and January 20, 2017.

Sr. No.	Name of the Directors	Category	No. of Meetings Attended
1	Mr. M. P. Ramachandran	Chairman & Managing Director	2
2	Mr. K. P. Padmakumar	Independent Director	1
3	Ms. M. R. Jyothy	Whole Time Director & Chief Marketing Officer	2

Mr. M. P. Ramachandran is the Chairman of the Committee. Your Company has formulated a CSR Policy and the same is uploaded on the website of your Company, which can be accessed at the weblink –

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

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

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

## Depository Escrow Account

As on March 31, 2017, 300 Equity Shares belonging to 3 applicants were lying in the Depository Escrow Account.

Aggregate number of shareholders in Suspense account lying at the beginning of the year	3
Aggregate number of outstanding shares in Suspense account lying at the beginning of the year	300
Number of shareholders who approached for transfer of shares from Suspense account during the year	0
Number of Shareholders to whom shares were transferred from Suspense account during the year	0
Number of Shares transferred from Suspense account during the year	0
Aggregate number of shareholders whose shares are lying in Suspense account at the end of the year	3
Aggregate number of outstanding shares in Suspense account lying at the end of the year	300

## General Body Meeting

### Annual General Meetings

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

Year	Date of Annual General Meeting	Time of Meeting	Special Resolutions passed
2016 25 <sup>th</sup> AGM	July 21, 2016	11.00 a.m.	Appointment of Mr. M. P. Ramachandran as the Chairman and Managing Director of the Company and payment of remuneration.
2015 24 <sup>th</sup> AGM	July 30, 2015	11.00 a.m.	No Special Resolution passed
2014 23 <sup>rd</sup> AGM	August 13, 2014	10.30 a.m.	<ol style="list-style-type: none"> <li>1. Power to borrow moneys in excess of paid up capital and free reserves of the Company in terms of Section 180(1)(c) of the Companies Act, 2013;</li> <li>2. Power to create charge on the assets of the Company in terms of Section 180(1)(a) of the Companies Act, 2013;</li> <li>3. Consent for Adoption of Employee Stock Option Scheme 2014-A and to create, offer, issue and allot stock options to Mr. S. Raghunandan;</li> <li>4. Consent for Adoption of Employee Stock Option Scheme 2014 and to create, offer, issue and allot stock options to permanent employees of the Company;</li> <li>5. Consent for grant of stock options in excess of 1% of the issued capital to Mr. S. Raghunandan;</li> <li>6. Sale of stake in Jyothy Consumer Products Marketing Limited to Associated Industries Consumer Products Private Limited.</li> </ol>

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

All resolutions at the 23<sup>rd</sup>, 24<sup>th</sup> & 25<sup>th</sup> Annual General Meetings were passed through e-voting and physical ballots cast at the AGM.

### Special resolutions passed through Postal Ballot

During the year, Members had passed special resolutions approving issue of Non- Convertible Debentures on private placement basis, Re-appointment of Mr. K. Ullas Kamath as the Joint Managing Director & Chief Financial Officer and Re-appointment of Ms. M. R. Jyothy as the Whole Time Director & Chief Marketing Officer of your Company.

The Board had appointed Mr. Himanshu S. Kamdar, Partner, Rathi & Associates as the Scrutinizer to conduct the postal ballot voting process in a fair and transparent manner.

Special Resolutions	Votes cast in favour		Votes cast against		Date of declaration of results
	No. of Votes	%	No. of Votes	%	
Private Placement of Non-Convertible Debentures	148273842	99.92	112022	0.08	December 1, 2016
Re-appointment of Mr. K. Ullas Kamath as the Joint Managing Director & Chief Financial Officer	148009352	98.69	1968737	1.31	December 1, 2016
Re-appointment of Ms. M. R. Jyothy as the Whole Time Director & Chief Marketing Officer	147643104	98.44	2334985	1.56	December 1, 2016

## Procedure for postal ballot

In compliance with Regulation 44 of the Listing Regulations and Section 108, 110 and other applicable provisions of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration Rules, 2014, your Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. Your Company engages the services of CDSL for the purpose of providing remote e-voting facility to all its Members. Members have the option to vote either by physical ballot or through remote e-voting.

Your Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its Members whose names appear on the Register of Members/ list of beneficiaries as on a cut-off date. The postal ballot notice is sent to Members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding)/ your Company's Registrar and Share Transfer Agents (in case of physical shareholding). Your Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the number of equity shares registered in the name of Members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorized officer. The results are also displayed on the website of your Company, <http://www.jyothylaboratories.com>, besides being communicated to the stock exchanges, the depositories and Registrar and the Share Transfer Agent. The date of declaration of the results by your Company is deemed to be the date of passing of the resolutions.

None of the businesses proposed to be transacted at the ensuing 26<sup>th</sup> Annual General Meeting require the passing of a special resolution by way of postal ballot.

## Disclosures

1. During the year under review, there were no materially significant related party transactions that may have potential conflict of interest with the interests of your Company at large. Your Company

has formulated the Policy on dealing with related party transactions and the same is available on the website of your Company and a web link thereto is as below:

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

Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in Notes to Accounts annexed to the Financial Statements.

2. Your Company has followed all relevant Accounting Standards while preparing Financial Statements and no treatment different from that prescribed in an Accounting Standard has been followed.
3. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis your Company which has potential conflict of interest with the interests of your Company at large.
4. No penalties or strictures have been imposed on your Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
5. Your Company has in place Whistle Blower policy and the details of same are provided in the Board's Report. Further, it is affirmed that no personnel has been denied access to the Audit Committee.
6. Your Company has laid down procedures to inform Board members about the risk assessment and minimization procedures.
7. The policy for determining criteria of material subsidiaries is formulated by your Company and is available on the website of your Company at the web link thereto is as below:

[http://www.jyothylaboratories.com/admin/docs/PMS\\_JLL\\_Website.pdf](http://www.jyothylaboratories.com/admin/docs/PMS_JLL_Website.pdf)

8. Your Company has formulated the Policy on Distribution of Dividend and the same is available on the website of your Company and a web link thereto is as below:

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

## Code of Conduct

The Board has adopted the code of conduct for all its Directors and Senior Management which has been displayed on your Company's website [www.jyothylaboratories.com](http://www.jyothylaboratories.com). All Board members and senior management personnel have affirmed compliance with the code of conduct on annual basis. A declaration to this effect as required under the Listing Regulations

regarding compliance of Code of Conduct by the Chairman and Managing Director of your Company forms part of this Annual Report.

## Means of communication

Your Company publishes its Quarterly and Annual Financial results generally in Business Standard and Sakal after submitting it to the Stock Exchanges once approved by the Board of Directors of your Company. The said results are also available on the website of your Company at [www.jyothylaboratories.com](http://www.jyothylaboratories.com). Official Press releases, Conference call transcripts and presentation made to the institutional investors/ Analysts are also available on the aforesaid website of your Company.

## MD/ CFO Certificate

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

## Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

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

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

Your Company has minimal exposure to foreign exchange risk vis-à-vis, total Sales / purchases of your Company and the transactions are significantly in Indian Currency.

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

## Disclosure on Compliance with Corporate Governance Requirements:

Your Company has complied with all the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherever applicable to your Company.

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

## General Shareholder Information

- a) **Annual General Meeting:** 26<sup>th</sup> Annual General Meeting of your Company will be held on July 11, 2017 at 11.00 a.m. at M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4<sup>th</sup> Floor, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai – 400001
- b) **The Financial year covered by this Annual Report:** April 1, 2016 to March 31, 2017.
- c) **Book Closure Dates:** From Wednesday, July 5, 2017 to Tuesday, July 11, 2017 (both days inclusive).
- d) **Dividend Payment Date:** On or before July 15, 2017, subject to the approval of Shareholders at the ensuing Annual General Meeting scheduled to be held on July 11, 2017.
- e) **Listing on Stock Exchanges and Stock Codes:**  
The equity shares of your Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The annual listing fees for the year 2016-17 have been paid to both the stock exchanges. Following table indicates your Company's stock exchange codes.

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



**f) Registrar & Share Transfer Agents:**

Link Intime India Private Limited  
C-101, 247 Park, LBS Marg,  
Vikhroli West, Mumbai- 400083,  
Phone: 0091 (0)22 49186000, Fax: 0091 (0)22 49186060  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

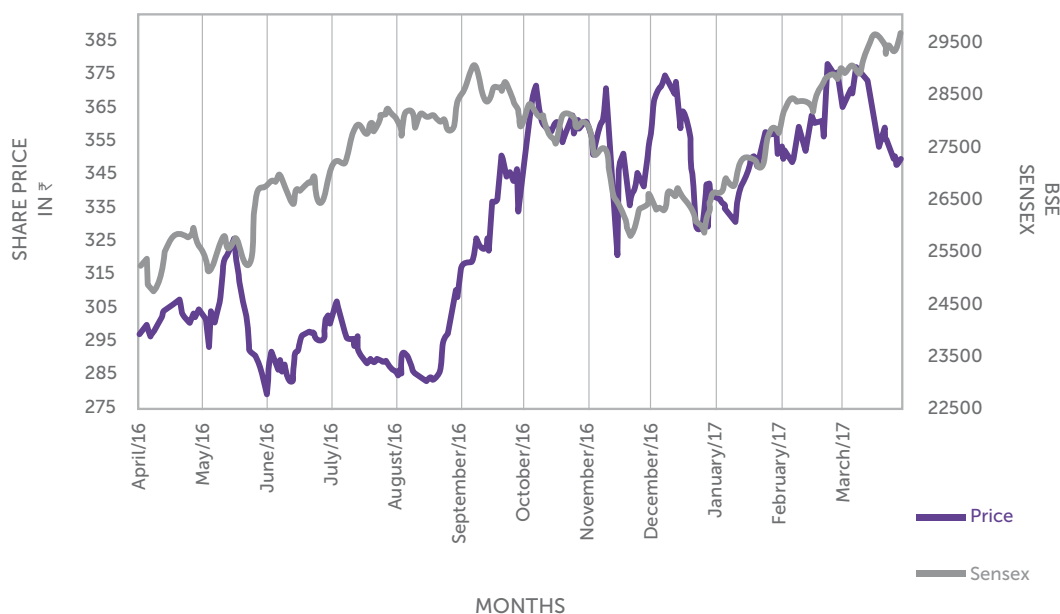
**g) Share Transfer System:**

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

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

The monthly high/ low stock price of your Company's equity shares listed on the Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited (NSE) from April 01, 2016 to March 31, 2017 are given below:

Month	BSE Market Price (₹)		NSE Market Price (₹)	
	High	Low	High	Low
April 2016	310.85	285.95	311.90	284.40
May 2016	329.40	281.45	329.90	281.10
June 2016	323.80	270.10	323.70	279.00
July 2016	309.50	286.25	309.90	286.60
August 2016	315.60	282.60	316.75	284.00
September 2016	359.50	307.00	359.90	308.75
October 2016	371.00	346.20	370.45	342.55
November 2016	376.40	318.00	376.00	323.80
December 2016	381.00	322.50	380.95	321.00
January 2017	359.75	328.00	359.50	330.00
February 2017	382.85	342.70	382.90	343.65
March 2017	377.00	342.00	378.50	341.30

**i) Share Price (₹) in comparison with BSE Sensex:****ANNUAL COMPARISON OF COMPANY SHARE PRICE & BSE SENSEX**

j) **Shareholding Pattern as on March 31, 2017:**

Shareholding pattern of your Company's equity shares in broad categories as on March 31, 2017 is given below:

	Category	No. of Shares	Percent
1	Promoter and Promoter Group	12,15,33,847	66.89
2	Institutions		
	Mutual Funds	1,12,45,092	6.19
	Financial Institutions / Banks	12,956	0.01
	Insurance Companies	61,85,679	3.40
	Foreign Portfolio Investors (including Foreign Institutional Investors)	2,42,90,534	13.37
3	Non-Institutions		
	Bodies Corporate	56,07,044	3.09
	Individuals	1,12,45,598	6.19
	Non Resident Indians (Repatriable/ Non repatriable)	4,83,382	0.27
	Trusts	2,00,946	0.11
	Clearing Members	5,60,814	0.31
	Hindu Undivided Family	3,16,246	0.17
	Foreign Nationals	1,586	0.00
	<b>Total:</b>	<b>18,16,83,724</b>	<b>100.00</b>

k) **Distribution of Shareholding as on March 31, 2017:**

Sr. No	Slab of shareholding		Shareholders		Shares Value	
	No. of Equity shares held		Number	In %	Face Value (₹)	In %
	From	To				
1.	1	500	75,465	95.82	66,47,895	3.66
2.	501	1000	1,780	2.26	12,79,582	0.70
3.	1001	2000	766	0.97	11,02,816	0.61
4.	2001	3000	229	0.29	5,69,147	0.31
5.	3001	4000	111	0.14	3,91,893	0.22
6.	4001	5000	67	0.09	3,10,585	0.17
7.	5001	10000	138	0.18	9,94,305	0.55
8.	10001	& Above	199	0.25	17,03,87,501	93.78
<b>Total</b>			<b>78,755</b>	<b>100.00</b>	<b>18,16,83,724</b>	<b>100.00</b>

l) **Dematerialization of shares:**

As on March 31, 2017, 99.55% of the total equity share capital was held in dematerialized form.

m) **Outstanding GDRs / ADRs / Warrants or any convertible instruments:** During the year 2016-17, your Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.

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

1. SHED NO.25/26, IDA KOTHUR, DIST.: MEHBOOB NAGAR - 509228, TELANGANA.
2. E.P.I.P COMPLEX, AIDC- AMINGAON, GUWAHATI - 781 031, ASSAM.
3. VILLAGE: KATHA, P.O.: BADDI, DIST.: SOLAN - 173205, HIMACHAL PRADESH.

4. LANE NO 2, PHASE NO 2, SIDCO INDUSTRIAL COMPLEX, BARI BARHMANA, DIST.: SAMBA (JAMMU) - 180001, JAMMU & KASHMIR.

5. MP IV/ 101 B, P.O.: KOLAGAPPARA, SULTHAN BATTERY- 673591, KERALA.

6. KANDANASSERY, VIA-ARIYANNUR, GURUVAYUR- 680101, DIST. : TRICHUR , KERALA.

7. Plot No 201, SECTOR I, PITHAMPUR INDUSTRIAL AREA, DIST. DHAR - 454775, MADHYA PRADESH.

8. 131 PERALAM MAIN ROAD, P.O.: THIRUNALLAR, DIST.: KARAikkAL - 609607, PONDICHERRY.

9. R.S. No 12/1 & 2, UJALA NAGAR INDL. ESTATE, UJALA ROAD, THETHAMPAKKAM, VAI

VAZHUDAVUR, P.O.: SUTHUKENY - 605502, PONDICHERRY.

10. PLOT NO. 6, 7 & 8, BEARING KHASARA Nos. 361, 366 & 370, KIE INDUSTRIAL ESTATE, VILLAGE : MUNDIYAKI- 247667, UTTARAKHAND.
11. KHASRA NO. 119, PARGANA BHAGWANPUR, VILLAGE RAIPUR, HARIDWAR, 247661, UTTARAKHAND.
12. PLOT NO.656, NEW LIGHT HOUSE MORE, BISHNUPUR, DIST.: BANKURA -722122, WEST BENGAL.
13. PLOT NO. 50, BRAHMAPUTRA INDUSTRIAL PARK,GOURIPUR, NORTH GUWAHATI, KAMRUP, ASSAM- 781031.
14. PLOT NO. 109, BRAHMAPUTRA INDUSTRIAL PARK,GOURIPUR, NORTH GUWAHATI, KAMRUP, ASSAM- 781031.
15. JAGATI MINI INDUSTRIAL ESTATE,SILA SINDURI GHOPA, KAMALPUR,CHOWKIGATE, CHANGSARI, KAMRUP, ASSAM- 781031.
16. KANDANASSERY, VIA - ARIYANNUR, THRISSUR, KERALA- 680102.
17. R.S. NO.15, THETHAMPAKKAM VILLAGE, SUTHUKENY POST, PONDICHERRY- 605502.
18. PLOT NO.18,19,20 & 21, BEARING KHASARA NOS 366 & 367, KIE INDUSTRIAL

ESTATE,VILLAGE MUNDIYAKI, ROORKEE, HARIDWAR, UTTARAKHAND- 247670.

19. SURVEY NO. 910/7/1 DOKMARDI, AMLI SILVASSA, DADRA AND NAGAR HAVELI - 396230

**o) Shareholders & Investors Correspondence:**

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

1. Link Intime India Private Limited  
Unit: Jyothy Laboratories Limited  
C-101, 247 Park, LBS Marg,  
Vikhroli West, Mumbai- 400083,  
Phone: 0091 (0)22 49186000,  
Fax: 0091 (0)22 49186060  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Contact Person: Mr. Ishwar Suvarna
2. Mr. Shreyas Trivedi  
Head- Legal & Company Secretary  
Jyothy Laboratories Limited  
'Ujala House', Ramakrishna Mandir Road,  
Kondivita, Andheri (East),  
Mumbai – 400 059  
Phone: 0091 (0)22 66892800,  
Fax: 0091 (0)22 66892805  
E-mail: [secretarial@jyothy.com](mailto:secretarial@jyothy.com)

For Jyothy Laboratories Limited

Sd/-

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

Mumbai, May 18, 2017

## Declaration by the Chairman and Managing Director under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding compliance with Code of Conduct

In accordance with Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended March 31, 2017.

For Jyothy Laboratories Limited

Sd/-

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

Mumbai, May 18, 2017

## Certification by Managing Director and Joint Managing Director & Chief Financial Officer (CFO) pursuant to Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

1. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee that there are no
  - a) significant changes in internal control over financial reporting during the year;
  - b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Jyothy Laboratories Limited

Sd/-

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

Mumbai, May 18, 2017

Sd/-

K. Ullas Kamath  
Joint Managing Director and CFO  
(DIN: 00506681)

## Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of  
**Jyothy Laboratories Limited**

1. The accompanying Corporate Governance Report prepared by Jyothy Laboratories Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2017. This report is required by the Company for annual submission to the Stock Exchanges and to be sent to the Shareholders of the Company.

### Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 1 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both

issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
  - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Directors Register as on March 31, 2017 and verified that atleast one women director was on the Board during the year;
  - iv. Obtained and read the minutes of the meetings of Board of Directors and following committees held during April 1, 2016 to March 31, 2017:
    - (a) Audit Committee;
    - (b) Nomination, Remuneration and Compensation Committee;
    - (c) Stakeholders' Relationship Committee; and

(d) Corporate Social Responsibility Committee.

- v. Obtained necessary representations and declarations from directors of the Company including the independent directors ; and
- vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

#### Opinion

- 8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied

with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable as at March 31, 2017, referred to in paragraph 1 above.

#### Other matters and Restriction on Use

- 9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
- 10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to Corporate Governance Report accompanied with by a report thereon from the statutory auditors and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta  
Partner  
Membership Number: 105938

Place of Signature: Mumbai  
Date: May 18, 2017



# Independent Auditor's Report

To The Members of  
Jyothy Laboratories Limited

## Report on the Standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of Jyothy Laboratories Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance

with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone statements are free from material misstatement.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Emphasis of Matter

Without qualifying our report and as more fully described in Note 35 to the financial statements, we draw attention to managerial remuneration paid/provided by the Company for the year ended March 31, 2017 in excess of the limits prescribed under the Companies Act, 2013. As informed to us, the Company has filed a revised application with the Central government for approval of such excess remuneration. Pending approval no adjustments are considered necessary in these standalone Ind AS financial statements.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the

best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 36(C) to the standalone Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in Note 42 to the standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta

Place : Mumbai

Partner

Date: May 18, 2017

Membership No: 105938

## Annexure 1 referred to in our report of even date on the standalone Ind AS financial statements

Re: Jyothy Laboratories Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (b) All Property, Plant and Equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regards to size of the Company and nature of its assets. No material discrepancies were identified on such verification.
- (c) According to information and explanations given by the management the title deeds of immovable properties included in Note 3(a) to the financial statements are held in the name of the Company, except as noted below:-
- In respect of two immovable properties (freehold land) aggregating to ₹2.21 lacs as at March 31, 2017, the title deeds were not available with the Company and hence we are unable to comment on the same.
  - In respect of the following, the immovable properties are not held in the name of the Company. The same is held in the name of the erstwhile entities which have been merged with the Company.
- | Total Number of Cases | Nature                     | Gross block (₹ in lacs) | Net Block (₹ in lacs) |
|-----------------------|----------------------------|-------------------------|-----------------------|
| 2                     | Freehold land and building | 2,734.68                | 2,661.05              |
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) 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 Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order
- are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a Company in which the Director is interested to which provisions of section 185 of the Companies Act 2013 apply and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of products of the Company, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax,

wealth-tax, service tax, customs duty, excise duty, value added tax and cess that have not been deposited on account of any dispute, are as follows:

Matter	Year	Forum where dispute is pending (Amounts in Lacs)			
		Commissioner and Appellate	Tribunal	High Court	Grand total
Excise	1998-00	10	-	-	10
	2006-15	120	1	-	121
Sales Tax	1999-00	4	-	-	4
	2000-04	516	52	640	1,208
	2004-05	100	1	-	101
	2005-06	413	213	-	625
	2006-09	1,045	788	996	2,829
	2009-10	127	128	663	917
	2010-12	254	-	1,148	1,402
	2012-13	322	-	139	461
	2013-14	52	-	-	52
	2014-15	32	-	-	32
	2015-16	26	-	-	26
	2016-17	21	-	-	21
	2016-17	21	-	-	21
Service Tax	2005-06	7	-	-	7
	2011-12	51	-	-	51
Income Tax	AY 2011-15	3,173	-	-	3,173
<b>Grand Total</b>		<b>6,272</b>	<b>1,182</b>	<b>3,586</b>	<b>11,040</b>

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank, debenture holders or government.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments (debentures) for the purposes for which they were raised. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / term loans.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanation given by the management and as more fully described in Note 35 of the standalone Ind AS financial statements, we report that managerial remuneration for the year ended March 31, 2017 is in excess of the limits applicable under section

197 of the Act, read with Schedule V thereto. We are informed by the management that the Company has filed a revised application with the Central Government, seeking approval of excess remuneration paid. Our report includes an Emphasis of Matter in this respect.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.

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

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

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta

Place : Mumbai

Partner

Date: May 18, 2017

Membership No: 105938

# Annexure 2 referred to in our report of even date on the standalone Ind AS financial statements

Re: Jyothy Laboratories Limited ('the Company')

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

We have audited the internal financial controls over financial reporting of Jyothy Laboratories Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are



subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit

of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta

Place : Mumbai

Partner

Date: May 18, 2017

Membership No: 105938

# Balance Sheet as at 31st March, 2017

(₹ in Lacs)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	3a	28,228.43	24,942.41	25,824.59
Capital work in progress		802.80	552.18	653.63
Goodwill	3b	10,287.69	10,287.69	10,287.69
Other intangible assets	3b	15,648.71	18,530.38	21,600.90
Intangible asset under development		-	240.00	-
Investment in subsidiaries	4	665.40	665.22	660.02
<b>Financial assets</b>				
Investments	4	13,347.59	13,088.59	12,688.59
Trade receivables	5	569.27	-	-
Loans	6	698.09	576.21	552.70
Other financial assets	7	605.48	332.43	594.39
Income tax assets ( net )	8	14,193.60	12,106.92	8,267.39
Other assets	9	10,750.67	10,152.49	7,873.79
		<b>95,797.73</b>	<b>91,474.52</b>	<b>89,003.69</b>
<b>Current assets</b>				
Inventories	10	19,521.05	18,371.37	18,609.02
<b>Financial assets</b>				
Investments	11	1,408.09	6,754.79	16,700.33
Trade receivables	5	11,194.56	8,873.62	5,286.78
Cash and cash equivalent	12a	3,412.73	1,582.36	2,300.31
Other bank balances	12b	6,133.39	3,905.36	4,769.65
Other financial assets	7	258.87	240.42	220.23
Other assets	9	3,101.53	2,156.25	2,777.23
		<b>45,030.22</b>	<b>41,884.17</b>	<b>50,663.55</b>
<b>Total Assets</b>		<b>1,40,827.95</b>	<b>1,33,358.69</b>	<b>1,39,667.24</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	13	1,816.84	1,811.20	1,810.23
Other equity *		63,547.80	45,402.37	53,816.87
<b>Total equity</b>		<b>65,364.64</b>	<b>47,213.57</b>	<b>55,627.10</b>
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	15	-	-	40,000.00
Other financial liabilities	17	-	-	6,209.54
Provisions	18	2,140.42	1,643.48	1,286.66
Deferred tax liabilities (net)	19	4,818.76	9,273.68	4,877.02
		<b>6,959.18</b>	<b>10,917.16</b>	<b>52,373.22</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	15	4,919.04	-	-
Trade payables	16	14,480.69	15,662.05	12,918.45
Other financial liabilities	17	41,272.30	51,771.13	12,495.64
Other liabilities	20	4,431.94	4,329.84	2,984.07
Provisions	18	3,101.15	2,930.46	2,893.88
Tax liabilities (net)	21	299.01	534.48	374.88
		<b>68,504.13</b>	<b>75,227.96</b>	<b>31,666.92</b>
<b>Total liabilities</b>		<b>75,463.31</b>	<b>86,145.12</b>	<b>84,040.14</b>
<b>Total equity and liabilities</b>		<b>1,40,827.95</b>	<b>1,33,358.69</b>	<b>1,39,667.24</b>
* Refer statement of changes in equity.				
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 S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

per Vikram Mehta

Partner

Membership No.: 105938

Place: Mumbai

Date: May 18, 2017

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

M.P. Ramachandran

Chairman and Managing Director

DIN: 00553406

Shreyas Trivedi

Company Secretary

Membership No.: A12739

Place: Mumbai

Date: May 18, 2017

K.Ullas Kamath

Joint Managing Director and

Chief Financial Officer

DIN: 00506681

# Statement of Profit and Loss for the year ended 31st March, 2017

(₹ in Lacs)

	Notes	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>Income</b>			
Revenue from operations	22	1,69,815.90	1,60,890.28
Other income	23	424.22	1,174.44
Finance income	24	715.86	433.49
<b>Total income (I)</b>		<b>1,70,955.98</b>	<b>1,62,498.21</b>
<b>Expenses</b>			
Cost of raw material and components consumed	25	51,679.07	48,918.92
Purchase of traded goods		37,592.57	33,835.50
(Increase)/ decrease in inventories of finished goods, work-in- progress and traded goods	26	(608.22)	66.41
Excise duty expense		6,619.41	6,675.99
Employee benefits expense	27	14,967.09	14,184.56
Employee stock option expenses	27	236.30	1,627.83
Depreciation and amortisation expense	28	5,474.06	5,420.87
Finance costs	29	5,088.91	5,645.94
Other expenses	30	33,314.50	32,780.56
Share of (profit)/loss in partnership firm		(3.68)	7.30
<b>Total expense (II)</b>		<b>1,54,360.01</b>	<b>1,49,163.88</b>
<b>Profit before tax (I-II)</b>		<b>16,595.97</b>	<b>13,334.33</b>
<b>Income tax</b>	31		
Current tax (MAT)		3,430.29	4,312.00
Less: MAT credit entitlement		(3,430.29)	(2,860.00)
Adjustment of tax relating to earlier periods		785.27	-
Deferred tax expense / (Income)		(4,393.80)	4,430.29
<b>Total Income tax</b>		<b>(3,608.53)</b>	<b>5,882.29</b>
<b>Profit for the year attributable to equity shareholders (A)</b>		<b>20,204.50</b>	<b>7,452.04</b>
<b>Other comprehensive Income not to be reclassified to profit or loss in subsequent periods</b>			
Re-measurement gains/ (losses) on defined benefit plans		(176.57)	(93.33)
Income tax effect	31	61.12	33.64
		(115.45)	(59.69)
<b>Other comprehensive income for the year net of tax , attributable to equity shareholders (B)</b>		<b>(115.45)</b>	<b>(59.69)</b>
<b>Total comprehensive income for the year net of tax, attributable to equity shareholders (A+B)</b>		<b>20,089.05</b>	<b>7,392.35</b>
<b>EARNINGS PER SHARE (EPS)</b>	40		
Basic (₹)		11.12	4.12
Diluted (₹)		11.12	4.06
Nominal value per share (₹)		1.00	1.00
<b>Summary of significant accounting policies</b>	2		

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003

per Vikram Mehta  
Partner  
Membership No.: 105938

Place: Mumbai  
Date: May 18, 2017

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

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

Shreyas Trivedi  
Company Secretary  
Membership No.: A12739

Place: Mumbai  
Date: May 18, 2017

K.Ullas Kamath  
Joint Managing Director and  
Chief Financial Officer  
DIN: 00506681

## Statement of Changes in Equity for the year ended 31st March, 2017

### A. Equity share capital

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity shares of ₹ 1 each issued, subscribed and fully paid			
At the beginning of the period	1,811.20	1,810.23	1,810.23
Issue of share capital	5.64	0.97	-
At the end of the period	1,816.84	1,811.20	1,810.23

For further details, Refer Note 13

### B. Other Equity

	Retained earnings	Capital reserves	Securities premium	Debenture redemption reserve (DRR) *	General reserves	Employee stock option outstanding	Total
As at April 1, 2015	(4,060.00)	5,505.27	47,777.56	11,995.02	32,581.44	2,691.43	96,490.72
Adjustments pursuant to Scheme of amalgamation of Jyothy Consumer Products Marketing Limited ( Note 43 )	(43,687.27)	1,009.19	-	-	4.23	-	(42,673.85)
Profit for the year	7,452.04	-	-	-	-	-	7,452.04
Other comprehensive income	(59.69)	-	-	-	-	-	(59.69)
<b>Total comprehensive income</b>	<b>7,392.35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,392.35</b>
Cash dividends (Note 14)	(14,485.73)	-	-	-	-	-	(14,485.73)
Dividend distribution tax on cash dividend (Note 14 )	(2,948.95)	-	-	-	-	-	(2,948.95)
Transfer to DRR	(4,560.01)	-	-	4,560.01	-	-	-
Exercise of share options (Note 38)	-	-	180.54	-	-	(180.54)	-
Transfer from DRR	-	-	-	(2,875.00)	2,875.00	-	-
Compensation on stock option granted /cancelled ( Note 38)	-	-	-	-	-	1,627.83	1,627.83
As at March 31, 2016	(62,349.61)	6,514.46	47,958.10	13,680.03	35,460.67	4,138.72	45,402.37
Profit for the year	20,204.50	-	-	-	-	-	20,204.50
Other comprehensive income	(115.45)	-	-	-	-	-	(115.45)
<b>Total comprehensive income</b>	<b>20,089.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,089.05</b>
Cash dividend (Note 14)	(1,811.20)	-	-	-	-	-	(1,811.20)
Dividend distribution tax on cash dividend (Note 14)	(368.72)	-	-	-	-	-	(368.72)

## Statement of Changes in Equity for the year ended 31st March, 2017 (contd.)

### B. Other Equity (contd.)

(₹ in Lacs)

	Retained earnings	Capital reserves	Securities premium	Debenture redemption reserve (DRR) *	General reserves	Employee stock option outstanding	Total
Transfer from DRR	13,680.03	-	-	(13,680.03)	-	-	-
Transfer to DRR	(6,250.00)	-	-	6,250.00	-	-	-
Exercise of share options (Note 38)	-	-	981.32	-	-	(981.32)	-
Compensation on stock option granted /cancelled ( Note 38)	-	-	-	-	-	236.30	236.30
As at March 31, 2017	(37,010.45)	6,514.46	48,939.42	6,250.00	35,460.67	3,393.70	63,547.80

\* The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the Company to create DRR out of profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures outstanding over the life of debentures.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

per Vikram Mehta

Partner

Membership No.: 105938

Place: Mumbai

Date: May 18, 2017

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

M.P. Ramachandran

Chairman and Managing Director

DIN: 00553406

Shreyas Trivedi

Company Secretary

Membership No.: A12739

Place: Mumbai

Date: May 18, 2017

K.Ullas Kamath

Joint Managing Director and

Chief Financial Officer

DIN: 00506681

## Statement of Cash Flows for the year ended 31st March, 2017

(₹ in Lacs)

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:</b>		
Profit before tax	16,595.97	13,334.33
<b>Adjustments to reconcile profit before tax to net cash flows :</b>		
Depreciation and amortisation expense	5,474.06	5,420.87
Loss on fixed assets discarded	60.29	92.98
Loss / (profit) on sale of fixed assets	10.82	(49.74)
Gain on financial assets fair valued through profit or loss	(267.09)	(530.52)
Profit on sale of current investments	(78.94)	(579.01)
Finance costs	5,088.91	5,645.94
Finance income	(715.86)	(433.49)
Share of (profit) / loss from investment in partnership firm	(3.68)	7.30
Foreign exchange fluctuation gain (net)	(6.42)	-
Provision for doubtful advances	55.00	70.00
Provision for doubtful debts	-	10.39
Employee stock option expenses	236.30	1,627.83
<b>Operating profit before working capital changes</b>	<b>26,449.36</b>	<b>24,616.88</b>
<b>Movements in working capital :</b>		
Decrease / (increase) in loans	(121.88)	(23.51)
Decrease / (increase) in trade receivables	(2,893.63)	(3,597.23)
Decrease / (increase) in other financial assets	107.05	103.30
Decrease / (increase) in inventories	(1,149.68)	237.65
Decrease / (increase) in other assets	(2,095.23)	(1,049.87)
Increase/ (decrease) in trade payables	(1,171.52)	2,743.60
Increase/ (decrease) in other financial liabilities	(57.04)	53.71
Increase/ (decrease) in other liabilities	102.10	1,269.94
Increase / (decrease) in provisions	491.09	300.07
<b>Cash generated from operations</b>	<b>19,660.62</b>	<b>24,654.54</b>
Taxes paid (net)	(3,107.42)	(5,131.93)
<b>Net cash generated from operating activities ( A )</b>	<b>16,553.20</b>	<b>19,522.61</b>
<b>B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:</b>		
Purchase of fixed assets including capital work-in-progress and capital advances	(5,630.54)	(2,511.43)
Proceeds from sale of fixed assets	91.34	168.49
Proceeds from sale of Mutual funds	27,433.72	45,563.31
Investment in Mutual funds	(22,000.00)	(34,908.25)
(Investment in)/ Proceeds from fixed deposit	(2,626.58)	1,000.76
Refund /(Investment) in partnership firm	3.50	(12.50)
Interest income received	715.86	435.50
<b>Net cash used in investing activities ( B )</b>	<b>(2,012.70)</b>	<b>9,735.88</b>



## Statement of Cash Flows for the year ended 31st March, 2017 (contd.)

(₹ in Lacs)

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:</b>		
Interest and finance charges paid	(15,454.89)	(862.72)
Proceeds from allotment of equity shares under ESOP scheme	5.64	0.96
Repayment of Debentures	(40,000.00)	(11,500.00)
Repayment of deferred payment liability	-	(180.00)
Proceeds from issue of debentures	40,000.00	-
Proceeds from short-term borrowings	4,919.04	-
Dividend paid	(1,811.20)	(14,485.73)
Dividend tax paid	(368.72)	(2,948.95)
<b>Net cash used in financing activities ( C )</b>	<b>(12,710.13)</b>	<b>(29,976.44)</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,830.37	(717.95)
Cash and cash equivalents at the beginning of the year	1,582.36	2,300.31
<b>Cash and cash equivalents at the end of the year</b>	<b>3,412.73</b>	<b>1,582.36</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	10.97	13.83
Balance with scheduled banks - current account	3,295.27	1,429.25
Unclaimed dividend accounts *	106.49	139.28
<b>Cash and cash equivalents considered for cash flows statement</b>	<b>3,412.73</b>	<b>1,582.36</b>
*Not available for use by the management for any other purpose		
Summary of significant accounting policies	Note 2	

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

per **Vikram Mehta**

Partner

Membership No.: 105938

Place: Mumbai

Date: May 18, 2017

For and on behalf of the Board of Directors of  
**Jyothy Laboratories Limited****M.P. Ramachandran**

Chairman and Managing Director

DIN: 00553406

**Shreyas Trivedi**

Company Secretary

Membership No.: A12739

Place: Mumbai

Date: May 18, 2017

**K.Ullas Kamath**

Joint Managing Director and

Chief Financial Officer

DIN: 00506681

# Notes to the financial statements for the year ended March 31, 2017

## NOTE 1. Corporate information

Jyothy Laboratories Limited ('the Company') is a public company domiciled in India. Its shares are listed on two stock exchanges in India. The registered office of the company is located at Ujala House , Ramakrishna Mandir Road, Kondivita, Andheri (East) Mumbai. The Company is principally engaged in manufacturing and marketing of fabric care, dishwashing , personal care and household insecticides products.

These Financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors on May 18, 2017.

## NOTE 2. Significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended. For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2017 are the first, the Company has prepared in accordance with Ind AS. Refer to Note 50 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for certain financial assets which have been measured at fair value. (Refer accounting policy regarding financial instruments)

The financial statements are presented in INR and all values are rounded to the nearest lacs, except when otherwise indicated.

### 2.2 Summary of significant accounting policies

#### a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

#### b. Foreign currencies

The Company's financial statements are presented in INR, which is also the company's functional currency.

##### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

## Notes to the financial statements (contd.)

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

### c. Fair value measurement

The Company measures financial instruments, (Refer Note 2p) at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
  - In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### d. Revenue recognition

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

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

## Notes to the financial statements (contd.)

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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

### Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

### Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

### e. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

### f. Taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

## Notes to the financial statements (contd.)

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 / value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### g. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant part of plant and equipment are required to be replaced at intervals, the Company depreciate them separately based on their specific useful lives. All other repair and maintenance cost are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Category	Estimated useful life (in years)
Factory Buildings	10-30
Building (Other than Factory Building)	30-60
Building (Fences and temporary structure)	3-6
Plant and machinery	13-15
Furniture and fixtures	5-10
Dies and moulds	3
Computers	3-6
Office equipment's	5
Vehicles	6-8

## Notes to the financial statements (contd.)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed finite as per table below -

Category	Estimated useful life (in years)
Trademarks and Copyrights	9-10
Brands	10
Software's and Licences	10

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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

### i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

### Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. An operating lease is a lease other than finance lease.



## Notes to the financial statements (contd.)

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

### k. Inventories

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

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

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
  - Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.
  - Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### l. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless

## Notes to the financial statements (contd.)

the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually on reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

Impairment losses relating to goodwill cannot be reversed in future periods.

### m. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### n. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises 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 recognised 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 recognised 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

### o. Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

#### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

## Notes to the financial statements (contd.)

That cost is recognised, together with a corresponding increase in employee stock option outstanding in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### p. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories -

- 1 Debt instruments at amortised cost
- 2 Debt instruments at fair value through other comprehensive income (FVTOCI)
- 3 Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- 4 Equity instruments measured at fair value through other comprehensive income (FVTOCI)

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.

## Notes to the financial statements (contd.)

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL and are measured at fair value with all changes recognised in the profit or loss. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) The Company has transferred substantially all the risks and rewards of the asset, or
  - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

## Notes to the financial statements (contd.)

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

#### Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

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

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows

## Notes to the financial statements (contd.)

that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

### **Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties.

A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **q. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

#### **r. Cash dividend to equity holders of the Company**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.



## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 3a. Property, plant and equipment

	Freehold land @	Lease-hold land	Building # @	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total tangible assets
<b>Cost</b>									
As at April 1, 2015	5,648.67	237.24	10,331.42	7,805.31	167.99	307.24	238.84	407.19	25,143.90
Additions pursuant to Scheme of Amalgamation with Jyothy Consumer Products Marketing Limited ( Note 43)	33.23	-	500.54	132.50	5.86	3.31	1.51	3.74	680.69
Additions	-	-	205.10	1,226.86	48.00	38.46	86.33	33.18	1,637.93
Disposals	-	-	40.35	259.03	4.60	4.87	1.21	13.49	323.55
As at March 31, 2016	5,681.90	237.24	10,996.71	8,905.64	217.25	344.14	325.47	430.62	27,138.97
Additions	939.79	-	1,197.33	2,628.87	571.18	72.18	182.54	115.69	5,707.58
Disposals	10.07	-	4.09	107.11	7.20	1.17	0.81	16.76	147.21
As at March 31, 2017	6,611.62	237.24	12,189.95	11,427.40	781.23	415.15	507.20	529.55	32,699.34
<b>Depreciation and impairment</b>									
As at April 1, 2015	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	3.75	495.29	1,426.72	95.03	79.87	109.09	98.63	2,308.38
Disposals	-	-	0.09	101.29	2.44	3.37	0.74	3.89	111.82
As at March 31, 2016	-	3.75	495.20	1,325.43	92.59	76.50	108.35	94.74	2,196.56
Depreciation charge for the year	-	3.75	534.31	1,391.94	127.96	77.85	108.10	94.45	2,338.36
Disposals	-	-	0.28	47.81	6.49	1.13	0.71	7.59	64.01
As at March 31, 2017	-	7.50	1,029.23	2,669.56	214.06	153.22	215.74	181.60	4,470.91
<b>Net book value</b>									
As at March 31, 2017	6,611.62	229.74	11,160.72	8,757.84	567.17	261.93	291.46	347.95	28,228.43
As at March 31, 2016	5,681.90	233.49	10,501.51	7,580.21	124.66	267.64	217.12	335.88	24,942.41
As at April 1, 2015	5,681.90	237.24	10,831.96	7,937.81	173.85	310.55	240.35	410.93	25,824.59

@ Freehold land and building includes asset which are not transferred in the name of the company amounting to ₹2,734.68 (Gross block) (2016 - ₹5,245.17, 2015 - ₹5,245.17). These are held in the name of the entities which have been merged with the company in earlier years.

# Includes ₹374.31 (2016 - ₹374.31 , 2015 - ₹374.31) represented by unquoted fully paid shares at cost in various co-operative societies.

The Company has not capitalised any borrowing cost in the current and previous year.

## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 3b. Intangible assets

	Goodwill	Other intangible assets			Total Other intangible assets
		Brands	Trademarks and Copyrights \$	Software's and Licences	
Cost					
As at April 1, 2015	10,287.69	21,256.20	85.48	259.22	21,600.90
Additions	-	-	-	41.97	41.97
Disposals	-	-	-	-	-
As at March 31, 2016	10,287.69	21,256.20	85.48	301.19	21,642.87
Additions	-	-	-	254.03	254.03
Disposals	-	-	-	-	-
As at March 31, 2017	10,287.69	21,256.20	85.48	555.22	21,896.90
Amortisation and impairment					
As at April 1, 2015	-	-	-	-	-
Amortisation charge for the year	-	3,036.60	41.14	34.75	3,112.49
Disposals	-	-	-	-	-
As at March 31, 2016	-	3,036.60	41.14	34.75	3,112.49
Amortisation charge for the year	-	3,036.60	38.02	61.08	3,135.70
Disposals	-	-	-	-	-
As at March 31, 2017	-	6,073.20	79.16	95.83	6,248.19
Net book value					
As at March 31, 2017	10,287.69	15,183.00	6.32	459.39	15,648.71
As at March 31, 2016	10,287.69	18,219.60	44.34	266.44	18,530.38
As at April 1, 2015	10,287.69	21,256.20	85.48	259.22	21,600.90

\$ Includes trademarks and copyrights of ₹ 81.22 (2016 - ₹81.22 , 2015 - ₹81.22 ) pending for registration in the name of the Company.

### IMPAIRMENT

The goodwill is tested for impairment annually as at March 31st and accordingly no impairment charges were identified for FY 2016-17 (Nil for FY2015-16).

Goodwill of ₹10,037.59 relates to the acquisition of erstwhile business of Henkel India Limited. Based on the purchase price allocation done at the time of acquisition, brands were identified and recognised in the books and accordingly goodwill was determined. Since it is not practicable to allocate the goodwill to various reportable segments, the recoverable amount has been determined collectively for all brands acquired and compared with the carrying value of goodwill plus brands. Further an amount of ₹250.10 pertains to Fabric Care segment and has been entirely allocated to this reportable segment.

Following key assumptions were considered while performing impairment testing : -

Terminal Value growth rate - 5%

Weighted Average Cost of Capital % (WACC) (Discount rate) - 13%

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

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 the financial statements (contd.)

(₹ in Lacs)

### NOTE 4. Investments

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Investment in subsidiaries (Unquoted)</b>			
<b>Jyothy Fabricare Services Limited</b>			
98,00,000 (2016 - 98,00,000 , 2015 - 98,00,000) equity shares of ₹10 (2016 - ₹10 , 2015 - ₹10) each fully paid up (Note 50)	-	-	-
33,00,000 (2016 - 33,00,000 , 2015 - 33,00,000) compulsory convertible preference shares of ₹100 (2016 - ₹100 , 2015 - ₹100) each fully paid up (Note 50)	-	-	-
<b>Jyothy Kallol Bangladesh Limited</b>			
84,85,431 (2016 - 84,85,431 , 2015 - 74,94,696) equity shares of BDT 10 (2016 - BDT 10 , 2015 - BDT 10) each fully paid up	580.47	580.47	501.65
Share application money pending allotment	-	-	78.82
M/s JFSL - JLL (JV)-Partnership Firm (Note 39)	84.93	84.75	79.55
	<b>665.40</b>	<b>665.22</b>	<b>660.02</b>
<b>Investment at fair value through profit and loss</b>			
<b>Jyothy Fabricare Services Limited #</b>			
75,00,000 (2016- 75,00,000 , 2015- 75,00,000 ) 2% optionally convertible preference share of ₹10 (2016 - ₹10 , 2015 - ₹10) each fully paid up	13,345.00	13,086.00	12,686.00
<b>Henkel SPIC Employees Co-operative Thrift and Credit Society Limited*</b>			
2,000 (2016 - 2,000 , 2015 - 2,000) equity shares of ₹100 (2016 - ₹100 , 2015 - ₹100) each fully paid up	2.00	2.00	2.00
<b>Capexil (Agencies) Ltd*</b>			
5 (2016 -5 , 2015 -5) equity shares of ₹10,000 (2016- ₹10,000, 2015- ₹10,000) each fully paid up	-	-	-
<b>Madras Industrial Cooperative Analytical Laboratory Limited*</b>			
2 (2016-2 , 2015-2) equity shares of ₹500 (2016- ₹500, 2015- ₹500) each fully paid up	-	-	-
<b>Ambattur Industrial Estate Manufacturers Service Industrial Cooperative Society Ltd*</b>			
1 (2016- 1 , 2015- 1) equity shares of ₹100 (2016- ₹100, 2015- ₹100) each fully paid up	-	-	-
Indira Vikas Patra*	0.02	0.02	0.02
National Saving Certificates (Pledged with Government authorities)*	0.57	0.57	0.57
	<b>13,347.59</b>	<b>13,088.59</b>	<b>12,688.59</b>
	<b>14,012.99</b>	<b>13,753.81</b>	<b>13,348.61</b>
Aggregate value of unquoted investments	<b>14,012.99</b>	<b>13,753.81</b>	<b>13,348.61</b>
Aggregate amount of impairment in value of investments	-	-	-

# Optionally convertible preference shares are considered as financial asset valued through profit or loss as the contractual terms of the asset do not give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

\* Investment at fair value through profit or loss reflect investment in unquoted equity securities. Since the amount is not material, the fair value disclosure have not been made. For others, Refer Note 46 and 47.

## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 5. Trade Receivables ( Unsecured )

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables	569.27	-	-	11,179.89	8,862.31	5,286.78
Receivable from related parties ( Note 35 )	-	-	-	14.67	11.31	-
	569.27	-	-	11,194.56	8,873.62	5,286.78
Considered good	569.27	-	-	11,194.56	8,873.62	5,286.78
Considered doubtful	-	-	-	1,174.34	1,174.34	1,247.22
	569.27	-	-	12,368.90	10,047.96	6,534.00
Impairment Allowance (Provision for bad and doubtful debts)						
Considered doubtful	-	-	-	(1,174.34)	(1,174.34)	(1,247.22)
	569.27	-	-	11,194.56	8,873.62	5,286.78

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

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer Note 35

### NOTE 6. Loans (Unsecured consider good, unless otherwise stated)

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deposits	719.13	597.25	583.86	-	-	-
Less: Impairment Allowance (Provisions for doubtful advances)	(21.04)	(21.04)	(31.16)	-	-	-
	698.09	576.21	552.70	-	-	-

### NOTE 7. Other financial assets

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed deposit with Banks having original maturity of more than 12 months (Note 12b)	484.48	85.93	222.39	-	-	-
Interest receivable	-	-	-	-	-	2.01
Staff Loans	-	-	-	154.43	135.25	107.74
Other receivables	121.00	246.50	372.00	125.50	126.23	131.54
Less: Impairment Allowance (Provisions for doubtful advances)	-	-	-	(21.06)	(21.06)	(21.06)
	605.48	332.43	594.39	258.87	240.42	220.23

## Notes to the financial statements (contd.)

(₹ in Lacs)

### Break up of financial assets carried at amortised cost

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables (Note 5)	569.27	-	-	11,194.56	8,873.62	5,286.78
Loans (Note 6 )	698.09	576.21	552.70	-	-	-
Other financial assets (Note 7)	605.48	332.43	594.39	258.87	240.42	220.23
Cash and cash equivalent and other bank balances ( Note 12a and 12b)	-	-	-	9,546.12	5,487.72	7,069.96
<b>Total financial assets carried at amortised cost</b>	<b>1,872.84</b>	<b>908.64</b>	<b>1,147.09</b>	<b>20,999.55</b>	<b>14,601.76</b>	<b>12,576.97</b>

### NOTE 8. Income tax assets (net)

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
MAT Credit entitlement	11,840.06	9,194.39	6,334.39	-	-	-
Advance income tax (net of provisions of ₹14,267.10 (2016 ₹9,952.90, 2015 ₹ 6,877.90)	2,353.54	2,912.53	1,933.00	-	-	-
	<b>14,193.60</b>	<b>12,106.92</b>	<b>8,267.39</b>	<b>-</b>	<b>-</b>	<b>-</b>

### NOTE 9. Other assets

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances	355.16	772.68	94.83	-	-	-
Advance to suppliers *	494.85	58.45	65.85	1,326.51	1,562.55	1,475.82
Balance with government authorities and protest payments* (Note 41)	9,970.51	8,954.81	7,346.56	1,806.33	1,353.79	1,952.36
Prepaid Expenses	-	-	-	470.73	203.73	173.02
Other receivables	592.00	592.00	592.00	311.41	151.78	221.62
Assets held for sale	-	-	-	68.05	147.30	147.30
Less: Impairment Allowance (Provisions for doubtful advances)	(661.85)	(225.45)	(225.45)	(881.50)	(1,262.90)	(1,192.89)
	<b>10,750.67</b>	<b>10,152.49</b>	<b>7,873.79</b>	<b>3,101.53</b>	<b>2,156.25</b>	<b>2,777.23</b>

#### Note:

\* Advance to suppliers and Balance with government authorities and protest payments include ₹494.85 (2016 - ₹439.85, 2015 - ₹369.84) and ₹1,048.50 (2016 - ₹1,048.50 , 2015 - ₹1,048.50) respectively, considered doubtful and fully provided for.

## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 10. Inventories (Valued at lower of cost or net realisable value)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw and packing materials ( including goods in transit ₹ Nil ( 2016- ₹2.19 , 2015- ₹ Nil )	5,310.41	4,923.16	5,118.88
Work in progress	1,525.59	1,547.72	1,371.28
Finished goods manufactured	8,437.81	8,080.29	7,333.55
Traded Goods ( including goods in transit ₹165.47 ( 2016- ₹253.66 , 2015- ₹322.89))	3,453.39	3,175.95	4,138.26
Stores and spare parts	401.79	401.60	352.44
Sales Promotions Items	392.06	242.65	294.61
	19,521.05	18,371.37	18,609.02

Inventories are net of provision of ₹1,159.97 (2016 - ₹ 799.28, 2015 - ₹ 1128.98) on account of damage and slow moving inventories.

### NOTE 11. Investments

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investment at Fair value through profit and loss			
Axis Banking Debt Fund - Growth			
Nil (2016 - Nil , 2015 - 1,33,859.97) units of ₹ Nil (2016 - ₹ Nil, 2015 - ₹1,000) each	-	-	1,718.53
Axis Liquid Fund - Growth			
38,946.29 (2016 - 1,90,885.67, 2015 - Nil) units of ₹ 1,000 (2016 - ₹ 1,000 , 2015 - ₹Nil) each	702.29	3,205.79	-
Axis Short Term Fund			
Nil (2016 - Nil , 2015 - 32,98,544.68) units of ₹ Nil (2016 - ₹ Nil ,2015 - ₹ 10) each	-	-	507.67
Axis Treasury Advantage Fund - Growth			
38,231.93 (2016 - Nil , 2015 - 2,65,018.71) units of ₹ 1,000 (2016 - ₹. Nil ,2015 - ₹ 1,000) each	705.80	-	4,150.17
HDFC Gilt Fund Long Term Plan -Direct Plan -Growth			
Nil (2016 - Nil , 2015 - 56,72,438.54) units of ₹ Nil (2016 - ₹ Nil , 2015 - ₹ 10) each	-	-	1,624.96
HDFC High Interest Fund - Dynamic Plan			
Nil (2016 - Nil , 2015 - 8,15,281.64) units of ₹ Nil (2016 - ₹ Nil ,2015 - ₹ 10) each	-	-	400.37
ICICI Prudential Stp - Growth			
Nil (2016 - Nil , 2015 - 17,85,912.01) units of ₹ Nil (2016 - ₹ Nil , 2015 - ₹10) each	-	-	511.30
ICICI Prudential Ultra Short Term Plan - Dir - Gr			
Nil (2016 - Nil , 2015 - 1,14,75,961.45) units of ₹ Nil (2016 - ₹ Nil , 2015 - ₹ 10) each	-	-	1,642.76
Indiabulls Ultra Short Term Fund			
Nil (2016 - 77,179.60 , 2015 - 1,15,556.48) units of ₹ Nil (2016 - ₹ 1,000 , 2015 - ₹1,000) each	-	1,140.52	1,561.03
Reliance Short Term Fund			
Nil (2016 - Nil , 2015 - 51,43,139.64) units of ₹ Nil (2016 - ₹ Nil , 2015 - ₹ 10) each	-	-	1,365.59



## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 11. Investments (contd.)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Religare Invesco Short Term Fund			
Nil (2016 - Nil, 2015 - 53,149.72) units of ₹ Nil (2016 - ₹ Nil, 2015 - ₹1,000) each	-	-	1,013.36
Religare Invesco Ultra Short Term Fund - Direct Pl			
Nil (2016 - Nil, 2015 - 51,584.63) units of ₹ Nil (2016 - ₹ Nil, 2015 - ₹ 1,000) each	-	-	1,001.48
Taurus Short Term Income Fund			
Nil (2016 - Nil, 2015 - 20,401.56) units of ₹ Nil (2016 - ₹ Nil, 2015 - ₹ 1,000) each	-	-	501.45
Taurus Ultra Short Term Bond Fund Super Institution			
Nil (2016 -16,293.49, 2015 - 41,593.42) units of ₹ Nil (2016 - ₹ 1,000, 2015 - ₹ 1,000) each	-	300.25	701.66
Taurus Dynamic Income Fund - Growth Option			
Nil (2016 - 68,32,489.20, 2015 - Nil) units of ₹ Nil (2016 - ₹10, 2015 - ₹ Nil) each	-	1,027.65	-
Kotak Low Duration Fund			
Nil (2016 - 58,351.96, 2015 - Nil) units of ₹ Nil (2016 - ₹ 1,000, 2015 - ₹ Nil) each	-	1,080.58	-
	1,408.09	6,754.79	16,700.33

For determination of fair values, refer Note 46

### NOTE 12

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>12 (a) Cash and cash equivalents</b>						
Cash in hand	-	-	-	10.97	13.83	17.71
Balance with banks - Current account	-	-	-	3,295.27	1,429.25	2,229.26
Unclaimed dividend accounts	-	-	-	106.49	139.28	53.34
	-	-	-	3,412.73	1,582.36	2,300.31
<b>12 (b) Other bank balances</b>						
Deposits with original maturity for more than 12 months*	484.48	85.93	222.39	6,133.39	3,905.36	4,769.65
Amount disclosed under 'other financial assets' (Note 7)	(484.48)	(85.93)	(222.39)	-	-	-
	-	-	-	6,133.39	3,905.36	4,769.65
	-	-	-	9,546.12	5,487.72	7,069.96

\* Includes deposits provided as securities against bank guarantees and debenture redemption reserves - ₹3,044.13 (2016 - ₹ 2,874.52, 2015: 2,611.59)

## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 13. Share Capital

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>AUTHORISED CAPITAL</b>			
2,720,000,000 (2016 - 2,570,000,000 , 2015 - 2,570,000,000) equity shares of Re 1 (2016 - Re 1 , 2015 - Re 1) each	27,200.00	25,700.00	25,700.00
30,000 (2016 - Nil , 2015 - Nil) 11% cumulative preference shares of ₹ 100 (2016 - ₹ Nil, 2015 - ₹ Nil) each	30.00	-	-
	27,230.00	25,700.00	25,700.00

#### Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Re 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

##### Issued Equity Capital

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No.	Amount	No.	Amount	No.	Amount
<b>Equity shares of Re 1 each issued, subscribed and fully paid</b>						
At the beginning of the period	18,11,19,680	1,811.20	18,10,23,496	1,810.23	18,10,23,496	1,810.23
Issued during the year (Note 38)	5,64,044	5.64	96,184	0.97	-	-
Outstanding at the end of the period	18,16,83,724	1,816.84	18,11,19,680	1,811.20	18,10,23,496	1,810.23

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

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No.	% Holding in the class	No.	% Holding in the class	No.	% Holding in the class
<b>Equity shares of Re 1 each fully paid</b>						
M. P. Ramachandran	7,01,36,948	38.60%	7,21,12,060	39.81%	7,21,12,060	39.84%
Sahyadri Agencies Limited	1,50,00,000	8.26%	1,50,00,000	8.28%	1,50,00,000	8.29%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## Notes to the financial statements (contd.)

(₹ in Lacs)

c. Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five year immediately preceding the reporting date:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium (FY 2013 - 2014)	23,79,748	23,79,748	23,79,748
Equity shares issued for consideration other than cash, pursuant to scheme of amalgamation with erstwhile Jyothy Consumer Products Limited (JCPL) (FY 2013 - 2014)	23,79,748	23,79,748	23,79,748
	47,59,496	47,59,496	47,59,496

In addition the company has issued 564,044 share (2016 - 96,184, 2015 - Nil) during the period of five years immediately preceding the reporting date on exercise of option granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

### d. Share reserve for issue under option

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 38

### NOTE 14. Distribution made and Proposed

	As at March 31, 2017	As at March 31, 2016
<b>Cash dividend on equity shares declared and paid :</b>		
Final dividend for the year ended March 31, 2016 Re 1 per share, (2015 ₹ 4 per share)	1,811.20	7,240.94
Dividend distribution tax on final dividend	368.72	1,474.08
Interim dividend for the year ended March 31, 2017 ₹ Nil (2016 ₹ 4 per share)	-	7,244.79
Dividend distribution tax on interim dividend	-	1,474.87
	<b>2,179.92</b>	<b>17,434.68</b>
<b>Proposed dividends on equity shares :</b>		
Final dividend for the year ended March 31, 2017 ₹ 6 per share, (2016 ₹1 per share)	10,901.02	1,811.20
Divident distribution tax on final dividend	2,219.19	368.72
	<b>13,120.21</b>	<b>2,179.92</b>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as as liability ( including DDT thereon ) as at March 31.

## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 15. Borrowings

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured redeemable zero coupon non convertible debentures						
Nil (2016 - 4,000 , 2015 - 4,000) debentures of ₹ Nil (2016 - ₹ 10,00,000 , 2015 - ₹ 10,00,000 ) each (Note 1 below)	-	40,000.00	40,000.00	-	-	-
9.65% Secured redeemable non convertible debentures						
Nil (2016- Nil ,2015 - 650) Debentures of ₹ Nil (2016- ₹ Nil , 2015 - ₹ 10,00,000) each	-	-	6,500.00	-	-	-
10.25% Secured redeemable non convertible debentures						
Nil (2016 - Nil, 2015 - 500) Debentures of ₹ Nil (2016 - ₹ Nil ,2015 - ₹ 10,00,000) each	-	-	5,000.00	-	-	-
Secured redeemable non-convertible debentures						
4,000 (2016 - Nil 2015 - Nil) Debentures of ₹10,00,000 (2016 - ₹ Nil , 2015 - ₹ Nil ) each (Note 2 below)	40,000.00	-	-	-	-	-
Deferred payment liability (unsecured) (Note 3 below)	180.00	180.00	360.00	-	-	-
Commercial paper (unsecured) (Note 4 below)	-	-	-	4,919.04	-	-
Amount disclosed under 'Other financial liabilities' (Note 17)	(40,180.00)	(40,180.00)	(11,860.00)	-	-	-
	-	-	40,000.00	4,919.04	-	-

#### Note :

- 4,000 Zero coupon non convertible redeemable debentures of ₹ 10,00,000 each has been repaid in current year.
- During the year Company has issued 4,000 unlisted, non-convertible debentures of ₹ 10 lacs each aggregating to ₹ 40,000 lacs. These debentures carry a interest of 7.2% p.a upto March 31, 2017, 7.5% p.a from April 1, 2017 to November 30, 2017 and 8% p.a from December 1, 2017 to November 9, 2018. 50% of the debenture amount is repayable at par at the end of the 14th month from the date of allotment, while the balance 50% is repayable at par at the end of 23rd month from the date of allotment. The debenture terms give call option / put option to the issuer / holder, the exercise price being at par. However, these are embedded derivative which are closely related to the host contract and accordingly under IND AS 109, they have not been separately accounted for. These debenture are secured by negative lien on fixed assets of the Company and do not carry any debt covenant.
- Deferred payment liability represent amount payable under the memorandum of understanding (MOU) entered into with the DRDE/DRDO of the Ministry of Defence, Government of India for transfer of technology for certain products. These are due for payment as per the Agreement.
- Commercial paper carries interest rate of 6.75 % and is repayable on June 28, 2017.

## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 16. Trade Payable

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total outstanding dues of micro enterprises and small enterprises (refer note 37 for details of dues to micro and small enterprises)	2,778.61	4,682.31	3,728.17
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,219.12	5,388.23	4,060.63
Accrual for expenses	5,482.96	5,591.51	5,129.65
	<b>14,480.69</b>	<b>15,662.05</b>	<b>12,918.45</b>

### NOTE 17. Other financial liabilities

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial guarantee liabilities	-	-	-	22.40	52.25	82.09
Interest accrued but not due on loans	-	-	6,133.73	928.13	11,294.11	377.16
Security deposits	-	-	-	35.28	29.68	32.08
Creditors for capital goods	-	-	75.81	-	75.81	90.97
Unclaimed dividend *	-	-	-	106.49	139.28	53.34
Current maturities of long term borrowings (Note 15)#	-	-	-	40,180.00	40,180.00	11,860.00
	-	-	<b>6,209.54</b>	<b>41,272.30</b>	<b>51,771.13</b>	<b>12,495.64</b>

\* There are no amounts payable / due to be credited to Investor Education and Protection Fund.

# Refer Note 15 above. As the holder of debentures have a put option at the end of 12 months from the date of allotment i.e December 9, 2016 and on the last day of every calendar month thereafter, the entire amount of debentures have been disclosed as current maturities in the current year.

For explanation on the Companies credit risk management processes, refer Note 48

Terms and conditions of the above financial liabilities:

- 1) Trade payables are non-interest bearing and are normally settled on 30-60 days term
- 2) Other payable are non interest bearing and are settled within a year.
- 3) Interest payable is settled as per the term of the borrowings.

### Break up of financial liabilities carried at amortised cost

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings ( Note 15)	-	-	40,000.00	4,919.04	-	-
Trade payables ( Note 16 )	-	-	-	14,480.69	15,662.05	12,918.45
Other financial liabilities ( Note 17 )	-	-	6,209.54	41,272.30	51,771.13	12,495.64
<b>Total of financial liabilities carried at amortised cost</b>	-	-	<b>46,209.54</b>	<b>60,672.03</b>	<b>67,433.18</b>	<b>25,414.09</b>

## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 18. Provisions

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits						
Provision for leave encashment	-	-	-	921.39	750.70	709.56
Provision for gratuity (Note 32)	2,140.42	1,643.48	1,286.66	-	-	-
	2,140.42	1,643.48	1,286.66	921.39	750.70	709.56
Other provisions #	-	-	-	2,179.76	2,179.76	2,184.32
	2,140.42	1,643.48	1,286.66	3,101.15	2,930.46	2,893.88

# Movements in other provisions	As at March 31, 2017	As at March 31, 2016
Balance as at 1st April	2,179.76	2,184.32
Arising during the year	300.00	-
Reversal during the year	(300.00)	(4.56)
Balance as at 31st March	2,179.76	2,179.76

### NOTE 19. Deferred tax liabilities/ (assets) (net)

	As at March 31, 2017	As at March 31, 2016	As at Ariril 1, 2015	
a) Deferred tax liability				
Depreciation	10,177.04	10,978.90	11,690.66	
Freehold Land	351.26	353.64	356.72	
Fair value adjustments	2.80	45.28	86.64	
(A)	10,531.10	11,377.82	12,134.02	
b) Deferred tax assets				
Provision for gratuity	740.76	565.04	439.47	
Provision for leave encashment	318.87	255.66	242.48	
Provision for doubtful debts	406.42	113.44	113.44	
Provision for doubtful advances	548.69	523.79	503.06	
Other provisions	752.93	568.27	568.27	
Other disallowances	58.69	77.94	90.10	
Carry forward losses and unabsorbed depreciation*	2,885.98	-	5,300.18	
(B)	5,712.34	2,104.14	7,257.00	
Net deferred tax liabilities/ (assets)	(A-B)	4,818.76	9,273.68	4,877.02

\* Refer Note 43 on merger of JCPML. From the effective date of the merger, the conditions of reasonable certainty for utilisation of unused tax losses of JCPML are met in accordance with the Ind AS 12 Income Taxes and accordingly the Company has recognised deferred tax assets on these losses.



## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 20. Other liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Statutory dues	2,048.97	1,915.96	1,658.16
Advances from customers	369.00	613.43	211.38
Advances towards asset held for sale	20.00	20.00	95.83
Provision for sales promotion schemes	1,993.97	1,780.45	1,018.70
	4,431.94	4,329.84	2,984.07

### NOTE 21. Tax liabilities (net)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for income tax (net of advance tax of ₹3,131.28 (2016 ₹3,777.52, 2015 ₹ 2,700.12))	299.01	534.48	374.88
	299.01	534.48	374.88

### NOTE 22. Revenue from operations

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Sale of goods (including of excise duty)	1,69,632.95	1,60,706.89
	1,69,632.95	1,60,706.89
<b>Other Operating revenues</b>		
Export incentives	37.31	22.10
Sale of scrap	32.83	35.04
Agricultural income	6.92	6.05
Others	105.89	120.20
	182.95	183.39
	1,69,815.90	1,60,890.28

Sale of goods includes excise duty collected from customer of ₹6,453.30 ( March 31,2016 - ₹ 5,965.53). Sale of goods net of excise duty is ₹ 163,179.65 ( March 31, 2016 - ₹ 154,741.36).

### NOTE 23. Other Income

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Lease rent income	5.37	8.52
Foreign exchange fluctuation gain (net)	64.62	-
Gain on financial assets fair valued through profit or loss	267.09	530.52
Profit on sale of current investments	78.94	579.01
Profit on sale of fixed assets	7.38	49.74
Miscellaneous income	0.82	6.65
	424.22	1,174.44

### NOTE 24. Finance Income

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Interest on fixed deposit	608.80	384.38
Interest on capital invested in partnership firm	11.12	11.15
Interest others	95.94	37.96
	715.86	433.49

## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 25. Cost of Raw Materials and Components consumed

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Inventory at the beginning of the year	4,923.16	4,960.17
Opening stock pursuant to Scheme of amalgamation of Jyothy Consumer Products Marketing Limited ( Note 43)	-	158.71
Add: Purchases	52,066.32	48,723.20
	<b>56,989.48</b>	<b>53,842.08</b>
Less: Inventory at the end of the year	5,310.41	4,923.16
	<b>51,679.07</b>	<b>48,918.92</b>

### NOTE 26. (Increase)/decrease in inventories of finished goods, work-in- progress and traded goods

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>Closing Inventory</b>		
Finished goods	8,437.81	8,080.29
Traded Goods	3,453.39	3,175.95
Work in progress	1,525.59	1,547.72
	<b>13,416.79</b>	<b>12,803.96</b>
<b>Opening inventory</b>		
Finished goods	8,080.29	7,320.06
Traded Goods	3,175.95	4,106.74
Work in progress	1,547.72	1,369.07
	<b>12,803.96</b>	<b>12,795.87</b>
<b>Opening inventory pursuant to Scheme of amalgamation of Jyothy Consumer Products Marketing Limited ( Note 43 )</b>		
Finished goods	-	13.49
Traded Goods	-	31.52
Work in progress	-	2.21
	-	47.22
<b>Sub-total (A)</b>	<b>(612.83)</b>	<b>39.13</b>
<b>(Increase)/decrease in excise duty</b>		
Excise duty on closing inventory	180.39	175.78
Excise duty on opening inventory	175.78	146.87
Excise duty on opening inventory pursuant to Scheme of amalgamation of Jyothy Consumer Products Marketing Limited ( Note 43)	-	1.63
<b>Sub-total (B)</b>	<b>(4.61)</b>	<b>(27.28)</b>
<b>Total (A-B)</b>	<b>(608.22)</b>	<b>66.41</b>

### NOTE 27. Employee benefits expense

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Salaries, wages and bonus	11,779.87	10,538.71
Contribution to provident and other funds	901.26	858.07
Gratuity (Note 32)	325.09	277.09
Staff welfare expenses	618.87	630.15
Directors' remuneration (Note 35)	1,067.00	1,509.97
Field staff incentives	275.00	370.57
<b>Sub-total (A)</b>	<b>14,967.09</b>	<b>14,184.56</b>
Employee stock option expenses (Note 38)	236.30	1,627.83
<b>Sub-total (B)</b>	<b>236.30</b>	<b>1,627.83</b>
<b>Total (A+B)</b>	<b>15,203.39</b>	<b>15,812.39</b>

## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 28. Depreciation and amortization expense

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Depreciation on tangible assets	2,338.36	2,308.38
Amortization of intangible assets	3,135.70	3,112.49
	<b>5,474.06</b>	<b>5,420.87</b>

### NOTE 29. Finance Cost

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Interest on bank overdraft and loan	698.26	9.21
Redemption Premium / Interest accrued on debentures	4,321.43	5,608.48
Other borrowing cost	69.22	28.25
	<b>5,088.91</b>	<b>5,645.94</b>

### NOTE 30. Other expenses

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Power and fuel expenses	1,901.58	1,908.32
Rent	1,418.94	1,278.25
Insurance	126.55	102.85
Repairs and maintenance		
- Building	94.46	59.90
- Plant and machinery	144.14	199.62
- Others	278.69	260.44
Consumption of stores and spares	635.28	733.15
Research and development	109.99	150.35
Printing and stationery	65.11	82.87
Communication costs	286.59	296.02
Legal and professional fees (Note 33 (A))	1,226.31	1,179.61
Rates and taxes	595.45	596.96
Directors' sitting fees	5.85	6.75
Vehicle maintenance	175.42	156.47
Donation	6.18	6.61
Provision for doubtful advances	55.00	70.00
Loss on fixed assets discarded	60.29	92.98
Provision for doubtful debts	-	10.39
Conversion charges	996.33	863.74
Advertisement and sales promotion expense	11,759.11	11,700.35
Freight, handling and forwarding charges	10,061.56	9,545.86
Field staff expenses	1,498.76	1,411.41
Travelling and conveyance	444.83	331.96
Royalty	287.94	288.33
Loss on sale of assets held for sale	18.20	-
Corporate social responsibility expenses ( Note 33(B))	244.43	234.84
Miscellaneous expenses	817.51	1,212.53
	<b>33,314.50</b>	<b>32,780.56</b>

# Notes to the financial statements (contd.)

(₹ in Lacs)

## NOTE 31. Income tax

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are :		
<b>a. Profit or loss section</b>		
<b>Income tax expenses</b>		
<b>Current tax</b>		
Current tax (MAT)	3,430.29	4,312.00
Less: MAT credit entitlement	(3,430.29)	(2,860.00)
<b>Current income tax expenses</b>	-	1,452.00
Adjustment of tax relating to earlier periods	785.27	-
Deferred tax relating to origination and reversal of temporary differences	(4,393.80)	4,430.29
	<b>(3,608.53)</b>	<b>5,882.29</b>
<b>b. OCI Section</b>		
<b>Deferred tax related to items recognised in OCI during the year :</b>		
Net loss /(gain) on remeasurements of defined benefit plans	61.12	33.64
	<b>61.12</b>	<b>33.64</b>
<b>c. Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate</b>		
Accounting profit before tax	16,595.97	13,334.33
Tax rate	34.608%	34.608%
Tax at statutory rate	5,743.53	4,614.74
<b>Less:</b>		
Deferred tax assets created pursuant to merger of JCPML (Note 43)	(9,579.80)	-
Non-deductible tax loss of JCPML for year March 31, 2016 *	-	1,250.37
Tax benefits under sections 80IB, 80IC and 80IE of the Income tax Act, 1961	(371.95)	(847.81)
CSR expenses disallowed	84.59	81.27
Unrealised gain on FVTPL financial assets (in absence of reasonable certainty of long term capital gain)	(89.63)	(138.43)
Tax benefits no longer available	785.27	1,003.63
Others	(180.54)	(81.48)
<b>Adjusted tax expense</b>	<b>(3,608.53)</b>	<b>5,882.29</b>
<b>Tax expense</b>	<b>(3,608.53)</b>	<b>5,882.29</b>
* Non-deductible tax loss of JCPML for the year ended March 31, 2016 accounted retrospectively due to common control acquisition, however, merger to be effective for tax purposes only from appointed date i.e. April 1, 2016.		
<b>d. Reconciliation of deferred tax liabilities / (assets) net</b>		
Opening balance as of 1st April	9,273.68	4,877.02
Tax (income) / expense during the year recognised in profit or loss	(4,393.80)	4,430.29
Tax (income) / expense during the year recognised in OCI	(61.12)	(33.64)
<b>Closing balance as at 31st March</b>	<b>4,818.76</b>	<b>9,273.68</b>

## e. Unrecognised deferred tax assets

As at March 31, 2017 the Company does not have any unrecognised deferred tax assets. As at March 31, 2016 and April 1, 2015, unrecognised deferred tax assets amounted to ₹9,190.37 and ₹10,283.04 respectively, on unused carry forward losses of JCPML. Pursuant to merger of JCPML in the current year the conditions of reasonable certainty for utilisation of unused losses as per IND-AS 12- 'Income taxes' are met on the effective date of the merger and accordingly, the deferred tax assets have been recognised.

## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 32. 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). Every year the Company makes contribution to fund determined based on actuarial valuation done by LIC.

The following tables summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

	March 31, 2017	March 31, 2016
	Gratuity Funded	Gratuity Funded
<b>(A) Summary of the Actuarial Assumptions</b>		
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Discount rate	7.10%	7.80%
Rate of increase in compensation	8.00%	8.00%
Withdrawal rates	10.00%	10.00%
The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.		
<b>(B) Changes in present value of obligations (PVO)</b>		
PVO at beginning of period	2,007.10	1,920.72
Interest cost	156.44	150.14
Current Service Cost	196.62	176.18
Benefits Paid	(62.48)	(312.65)
Re-measurement changes arising from changes in financial assumptions	109.63	-
Experience adjustments	52.98	72.71
PVO at end of period	2,460.29	2,007.10
<b>(C) Changes in fair value of plan assets</b>		
Fair value of plan assets at the beginning of period	363.62	634.06
Investment Income	28.34	49.60
Contributions	-	7.99
Benefit paid	(58.13)	(307.41)
Return on plan assets	(13.96)	(20.62)
Fair value of plan assets at end of period	319.87	363.62
<b>(D) Expenses recognised in the statement of profit and loss</b>		
Current service cost	196.62	176.18
Net Interest cost on the Net Defined Benefit Liability / (Asset)	128.47	100.91
Expense recognised in the statement of profit and loss	325.09	277.09
<b>(E) Remeasurement gains/(losses) in other comprehensive income</b>		
Return on plan assets	13.96	20.62
Re-measurement changes arising from changes in financial assumptions	109.63	-
Experience adjustments	52.98	72.71
Total amount recognised in OCI	176.57	93.33

## Notes to the financial statements (contd.)

(₹ in Lacs)

	March 31, 2017	March 31, 2016
	Gratuity Funded	Gratuity Funded

(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%
-------------------------	------	------

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
--	-------------------------	-------------------------	------------------------

(G) Net Assets/(Liabilities) recognised in the balance sheet

PVO at end of period	(2,460.29)	(2,007.10)	(1,920.72)
Fair value of plan assets at end of period	319.87	363.62	634.06
Funded status (deficit in fair value of plan assets over PVO)	(2,140.42)	(1,643.48)	(1,286.66)
Net assets / (Liability) recognised in the balance sheet	(2,140.42)	(1,643.48)	(1,286.66)

(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:

Particulars	March 31, 2017	March 31, 2016
Defined Benefit Obligation (Base)	2,460.29	2,007.10

Particulars	March 31, 2017		March 31, 2016	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	2,632.95	2,306.14	2,147.70	1,881.60
(% change compared to base due to sensitivity)	7.00%	-6.30%	7.00%	-6.30%
Salary Growth Rate (- / + 1%)	2,323.81	2,606.56	1,894.80	2,127.78
(% change compared to base due to sensitivity)	-5.50%	5.90%	-5.60%	6.00%
Attrition Rate (- / + 50% of attrition rates)	2,482.71	2,444.61	1,997.05	2,011.29
(% change compared to base due to sensitivity)	0.90%	-0.60%	-0.50%	0.20%
Mortality Rate (- / + 10% of mortality rates)	2,460.27	2,460.30	2,006.93	2,007.26
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

(I) Asset Liability Matching Strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

(J) Effect of Plan on Entity's Future Cash Flows

a) Funding arrangements and Funding Policy

The Company has purchased an insurance policy to 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.



## Notes to the financial statements (contd.)

(₹ in Lacs)

### b) Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cashflows)	7 years
Expected cash flows over the next (valued on undiscounted basis)	Amount
1 year	344.79
2 to 5 years	1,099.98
6 to 10 years	1,131.37
More than 10 years	1,741.31

### NOTE 33. A) Payment to auditors (excluding service tax)

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>As Auditors</b>		
Audit fee	76.85	62.85
Tax audit fees	8.00	8.70
Limited review	26.40	26.00
<b>In other capacity (Certification)</b>	2.40	3.95
Reimbursement of expenses	4.60	4.94
	<b>118.25</b>	<b>106.44</b>

### B) Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII is as given below:

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>(a) Gross amount required to be spent during the year</b>	<b>294.10</b>	<b>195.30</b>

	In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
<b>(b) Amount spend during the year : -</b>						
Promoting preventing health care and sanitation	-	-	-	44.28	-	44.28
Contribution to various educational institutions	0.40	-	0.40	5.00	-	5.00
Rural/slum area development	53.32	-	53.32	185.56	-	185.56
Contribution to Mathrubhumi Mission Medical College	25.00	-	25.00	-	-	-
Imparting Skill Development Training	163.99	-	163.99	-	-	-
Others	1.72	-	1.72	-	-	-
<b>Total</b>	<b>244.43</b>	<b>-</b>	<b>244.43</b>	<b>234.84</b>	<b>-</b>	<b>234.84</b>

## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 34. Segment Reporting

Based on the "management approach" as defined in Ind AS 108 - 'Operating Segments', the Chief Operating Decision Maker evaluates the Company's performance and allocate resources based on an analysis of various performance indicators by business segments and segment information is presented accordingly as follows :

1. Dishwashing includes dish wash scrubber and scrubber steel, dish wash bar, liquid and powder.
2. Fabric Care includes fabric whitener, fabric enhancer, bar soap and detergent powder.
3. Household Insecticides includes mosquito repellent coil, liquid and card and insect repellents.
4. Personal Care includes body soap, face wash, toothpaste, deodorants, talcum powder, after shave and moisturiser.
5. Others includes incense sticks and floor shine.

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets. Assets at corporate level are not allocable to segments on a reasonable basis and thus the same have not been allocated. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liability.

Goodwill identifiable to operating segments are included in segment assets. However, where goodwill relates to multiple operating segments and it is not practicable to allocate between segments, it is included in unallocated assets. Finance cost, finance income and fair value gains and loss on financial assets are not allocated to any operating segments as the Company reviews the treasury and finance cost at the group level. Accordingly, borrowings are also considered in unallocated liabilities.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to segments as they are also managed on group basis.

Capital expenditure consists of addition of property, plant and equipment and intangible assets.

Transfer pricing between operating segments are on as arm length basis in a manner similar to transaction with third parties.

Intersegment revenue are eliminated upon consolidation and reflected in the 'adjustment and eliminations' column. All other adjustment and eliminations are part of detailed reconciliation presented further below.

#### Year ended March 31, 2017

	Dishwash- ing	Fabric care	Household insecticides	Personal care	Other products	Total Operating segments	Adjustments and eliminations	Total
<b>Revenue</b>								
External revenue	50,891.18	73,087.00	26,118.57	15,954.89	3,581.31	1,69,632.95	-	1,69,632.95
Inter segment revenue	136.00	14.00	-	2.00	-	152.00	(152.00)	-
<b>Total revenue</b>	<b>51,027.18</b>	<b>73,101.00</b>	<b>26,118.57</b>	<b>15,956.89</b>	<b>3,581.31</b>	<b>1,69,784.95</b>	<b>(152.00)</b>	<b>1,69,632.95</b>
<b>Income/ (Expenses)</b>								
Depreciation and amortisation	(650.56)	(3,138.66)	(399.01)	(924.36)	(5.73)	(5,118.32)	(355.74)	(5,474.06)
<b>Segment profit</b>	<b>5,995.49</b>	<b>13,536.07</b>	<b>406.72</b>	<b>2,258.41</b>	<b>165.81</b>	<b>22,362.50</b>	<b>(5,766.53)</b>	<b>16,595.97</b>
<b>Total assets</b>	<b>15,822.81</b>	<b>40,784.39</b>	<b>14,582.99</b>	<b>10,426.57</b>	<b>946.26</b>	<b>82,563.02</b>	<b>58,264.93</b>	<b>1,40,827.95</b>
<b>Total liabilities</b>	<b>5,717.66</b>	<b>9,013.79</b>	<b>5,718.30</b>	<b>3,217.20</b>	<b>280.12</b>	<b>23,947.07</b>	<b>51,516.24</b>	<b>75,463.31</b>
<b>Other disclosures</b>								
Capital expenditure	1,860.43	1,857.84	753.20	1,070.00	33.43	5,574.90	(20.16)	5,554.74

## Notes to the financial statements (contd.)

(₹ in Lacs)

### Year ended March 31, 2016

Particulars	Dishwash- ing	Fabric care	Household insecticides	Personal care	Other products	Total Operating segments	Adjustments and eliminations	Total
<b>Revenue</b>								
External revenue	47,669.00	67,531.84	27,822.00	14,749.29	2,934.76	1,60,706.89	-	1,60,706.89
Inter segment revenue	-	-	-	18.00	-	18.00	(18.00)	-
<b>Total revenue</b>	<b>47,669.00</b>	<b>67,531.84</b>	<b>27,822.00</b>	<b>14,767.29</b>	<b>2,934.76</b>	<b>1,60,724.89</b>	<b>(18.00)</b>	<b>1,60,706.89</b>
<b>Income/ (Expenses)</b>								
Depreciation and amortisation	(641.19)	(3,156.70)	(361.76)	(899.86)	(6.35)	(5,065.86)	(355.01)	(5,420.87)
<b>Segment profit</b>	<b>5,067.44</b>	<b>11,031.30</b>	<b>1,014.52</b>	<b>1,967.13</b>	<b>83.55</b>	<b>19,163.94</b>	<b>(5,829.61)</b>	<b>13,334.33</b>
<b>Total assets</b>	<b>13,777.89</b>	<b>38,449.78</b>	<b>13,957.27</b>	<b>9,700.70</b>	<b>870.17</b>	<b>76,755.81</b>	<b>56,602.88</b>	<b>1,33,358.69</b>
<b>Total liabilities</b>	<b>5,901.97</b>	<b>8,536.93</b>	<b>6,638.68</b>	<b>3,275.33</b>	<b>202.82</b>	<b>24,555.73</b>	<b>61,589.39</b>	<b>86,145.12</b>
<b>Other disclosures</b>								
Capital expenditure	100.37	919.60	301.91	218.50	25.93	1,566.31	929.95	2,496.26

### Year ended April 1, 2015

Particulars	Dishwash- ing	Fabric care	Household insecticides	Personal care	Other products	Total Operating segments	Adjustments and eliminations	Total
<b>Total assets</b>	<b>11,955.24</b>	<b>41,210.36</b>	<b>12,204.15</b>	<b>9,432.71</b>	<b>778.58</b>	<b>75,581.04</b>	<b>64,086.20</b>	<b>1,39,667.24</b>
<b>Total liabilities</b>	<b>4,256.13</b>	<b>8,124.84</b>	<b>4,396.04</b>	<b>3,058.86</b>	<b>278.03</b>	<b>20,113.90</b>	<b>63,926.24</b>	<b>84,040.14</b>

### Reconciliations to amount reflected in the financial statements

	March 31, 2017	March 31, 2016
<b>(a) Reconciliation of profit</b>		
<b>Segment profit</b>	<b>22,362.50</b>	<b>19,163.94</b>
Finance Income (Note 24)	715.86	433.49
Other unallocable income	93.87	581.99
Gain on financial assets fair valued through profit or loss (Note 23)	267.09	530.52
Finance cost (Note 29)	(5,088.91)	(5,645.94)
Other unallocable expenses	(1,754.44)	(1,729.67)
<b>Profit before tax</b>	<b>16,595.97</b>	<b>13,334.33</b>

## Notes to the financial statements (contd.)

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>b) Reconciliations of assets</b>			
<b>Segment operating assets</b>	<b>82,563.02</b>	<b>76,755.81</b>	<b>75,581.04</b>
Investment (Note 4 and 11)	15,421.07	20,508.60	30,048.94
Other financial assets (Note 7)	484.48	85.93	222.39
Income tax assets ( net ) (Note 8)	14,193.60	12,106.92	8,267.39
Cash and cash equivalent	9,514.06	5,460.95	7,037.96
Tangible and intangible assets	16,850.17	16,764.52	16,802.85
Other unallocable assets	1,801.55	1,675.96	1,706.67
<b>Total assets</b>	<b>1,40,827.95</b>	<b>1,33,358.69</b>	<b>1,39,667.24</b>

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>c) Reconciliations of liabilities</b>			
<b>Segment operating liabilities</b>	<b>23,947.08</b>	<b>24,555.73</b>	<b>20,113.90</b>
Deferred tax liabilities (Net) (Note 19)	4,818.73	9,273.68	4,877.02
Borrowings	44,919.04	40,000.00	51,500.00
Tax liabilities (net) (Note 21)	299.01	534.48	374.88
Interest accrued but not due on loans (Note 17)	928.13	11,294.11	6,510.89
Other unallocable liabilities	551.32	487.12	663.45
<b>Total liabilities</b>	<b>75,463.31</b>	<b>86,145.12</b>	<b>84,040.14</b>

### Revenue from external customers :

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
India	1,65,803.44	1,57,282.68
Outside India	3,829.51	3,424.21
<b>Total revenue per statement of profit or loss</b>	<b>1,69,632.95</b>	<b>1,60,706.89</b>

The revenue information above is based on the location of the customers. All non current operating assets of the Company are located in India. Non operating assets for this purpose consists of property, plant and equipment and intangible assets.

Revenue from one customer amounted to ₹ 21,798.02 ( March 31, 2016 - ₹19,632.57 ), arising from sales in various segment.

### NOTE 35. Related Party Disclosures

#### a) Parties where control exists

##### Individual having control

M.P. Ramachandran

Chairman and Managing Director

As the Managing Director of the Company is an individual having control and hence not separately disclosed as a Key management personnel.

##### Other Subsidiaries

Jyothy Kallol Bangladesh Limited

Four Seasons Drycleaning Company Private Limited

Snoways Launderers & Drycleaners Private Limited

Jyothy Fabricare Services Limited

M/S JFSL-JLL (JV) - Partnership firm

## Notes to the financial statements (contd.)

(₹ in Lacs)

### b) Related party relationships where transactions have taken place during the year

Firm / HUF in which the relatives of individual having control are partners / members / proprietor

Quilon Trading Co.

M.P. Divakaran - H.U.F.

M.P. Sidharthan - H.U.F.

Relative of individual having control

M.P. Sidharthan

M.R. Jyothy

M.R. Deepthi

Ananth Rao T

Ravi Razdan

M.P. Divakaran

Enterprises significantly influenced by key management personnel or their relatives

Sahyadri Agencies Ltd.

Key management personnel

K. Ullas Kamath Joint Managing Director & CFO

S. Raghunandan Whole Time Director & CEO upto May 23, 2016

Rajnikant Sabnavis Chief Operating Officer w.e.f. May 23, 2016

Bipin R. Shah Independent Director upto August 11, 2016

Nilesh B. Mehta Independent Director

R. Lakshminarayanan Independent Director

K. P. Padmakumar Independent Director

M.R. Jyothy Director

Additional related party as per Companies Act, 2013.

M.L. Bansal Company Secretary upto May 23, 2016

Shreyas Trivedi Company Secretary from May 23, 2016

### c) Transactions with related parties during the year

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b><u>M.P. Ramachandran</u></b>		
Remuneration*	Re.1 only	Re.1 only
Commission	358.82	421.04
Dividend	723.12	5,768.96
<b><u>Sahyadri Agencies Limited</u></b>		
Dividend	150.00	1,200.00
<b><u>Quilon Trading Company</u></b>		
Rent Paid	1.20	1.20
<b><u>M.P. Divakaran - H.U.F.</u></b>		
Dividend	19.04	152.32
<b><u>M.P. Sidharthan - H.U.F.</u></b>		
Dividend	13.20	105.60
<b><u>Jyothy Fabricare Services Limited</u></b>		
Reimbursement of expenses	20.60	19.41
Sale of Finished goods (net of sales return )	13.15	12.54
Purchases of services	0.13	0.15
Corporate Guarantees given for borrowings outstanding	4,968.83	4,507.84

## Notes to the financial statements (contd.)

(₹ in Lacs)

### c) Transactions with related parties during the year

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b><u>M/S JFSL-JLL (JV)</u></b>		
Profit/(loss) in partnership	(3.68)	7.30
Interest on partner capital	11.12	11.15
Investment /(Withdrawal) of capital	3.50	(12.50)
Corporate Guarantees given for borrowings outstanding	727.44	902.44
<b><u>Jyothy Kallol Bangladesh Limited</u></b>		
Sales of raw materials and packing material and finished goods	97.02	65.35
Investment in share capital	-	78.82
<b><u>Relatives of individuals having control</u></b>		
<b>Remuneration*</b>		
M.R. Jyothy	131.76	102.48
M P Sidharthan	24.00	24.00
M R Deepthi	47.71	37.51
Ananth Rao T	57.12	45.03
Ravi Razdan	47.71	37.51
M.P. Divakaran	24.00	24.00
Dividend	290.94	2,327.52
<b><u>Key management personnel</u></b>		
<b>Remuneration*#</b>		
K. Ullas Kamath	227.25	201.60
S. Raghunandan	1,515.66	485.12
M.L. Bansal	9.71	41.97
Rajnikant Sabnavis	383.79	-
Shreyas Trivedi	58.38	-
<b>Dividend</b>		
K. Ullas Kamath	14.51	116.11
S. Raghunandan	-	15.63
<b>Contribution to Superannuation fund</b>		
K. Ullas Kamath	20.29	18.00
<b>Fee for attending board / committee meetings</b>		
Bipin R. Shah	0.60	1.35
Nilesh B. Mehta	1.55	1.75
R. Lakshminarayanan	1.05	0.85
K. P. Padmakumar	0.90	1.20
<b>Commission</b>		
K. Ullas Kamath	322.94	378.93
Bipin R. Shah	-	8.00
Nilesh B. Mehta	8.00	8.00
R. Lakshminarayanan	8.00	8.00
K. P. Padmakumar	8.00	8.00

\* As the future liabilities for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

# In the earlier years, Company had applied to the Central Government for approval of grant of ESOP's to a whole time director and CEO as the value of the ESOP's granted were expected to be in excess of the eligible limits under the Companies Act, 1956. During the year, certain ESOP's have been exercised by the Director (452,558 shares issued) and as managerial remuneration includes perquisite value of ESOP's in the year it is exercised, the overall value of Managerial Remuneration for the current year is in excess of the limits to



## Notes to the financial statements (contd.)

(₹ in Lacs)

the extent of ₹783.64. Subsequent to the year end, the Company has received an approval from the Central Government for an amount that can be paid to the director for the three years ending May 2017, however, the said ESOP's have not been considered separately.

The Company has now filed an application seeking approval of grant of ESOP's again. Pending such approval, the shares issued to the managerial person are held by him in trust as he continues to be the employee of the Company though no longer a Director. In case the revised application is not approved, the Company plans to recover the excess amount paid through balance stock options yet to be exercised by the said employee.

### d) Related party balances

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Amounts receivable</b>			
<b>Trade receivables :</b>			
Jyothy Kallol Bangladesh Limited	14.67	11.31	-
<b>Amounts payable</b>			
<b>Trade payables:</b>			
<b>Individual having control</b>			
M.P. Ramachandran	358.82	421.04	312.69
<b>Key management personnel</b>			
K. Ullas Kamath	322.94	378.93	281.42
Bipin R. Shah	-	8.00	8.00
Nilesh B. Mehta	8.00	8.00	8.00
R. Lakshminarayanan	8.00	8.00	8.00
K. P. Padmakumar	8.00	8.00	8.00

### Terms and conditions of transactions with related parties

The Sales to / purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

## NOTE 36. Commitments and Contingencies

### A) Operating Lease

#### In case of assets taken on lease

The Company has entered into Lease agreements for premises, which expire at various dates over the next five years. Certain agreements provide for increase in rent. Lease rental expense for the year ended March 31, 2017 was ₹1,418.94 (2016 - ₹1,278.25). There are no restrictions imposed by lease arrangements.

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016	April 1, 2014 to March 31, 2015
<b>Future minimum lease payment under non - cancellable operating leases are as follows:</b>			
Payable not later than one year	299.79	295.69	45.82
Payable later than one year and not later than five years	831.08	706.51	0.64
Payable later than five years	-	104.51	-
	<b>1,130.87</b>	<b>1,106.71</b>	<b>46.46</b>

#### In case of assets given on lease

The Company has leased out few of its premises on operating lease. The Gross carrying amount and accumulated depreciation as at March 31, 2017 is ₹ 178.06 and ₹ 22.83 (2016 - ₹ 178.06 and ₹ 11.44) respectively. Lease rent income for the year ended March 31, 2017 was ₹ 5.37 (2016 - ₹ 8.52). There is no escalation clause in the lease agreement and the lease is cancellable in nature. There are no restrictions imposed by lease arrangements.

## Notes to the financial statements (contd.)

(₹ in Lacs)

### B) Capital Commitments ( Net of Advances)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	599.66	1,050.72	441.50
	599.66	1,050.72	441.50

### C) Contingent Liabilities

In respect of the following, the Company has assessed that it is only possible, but not probable, that outflow of economic resources will be required :

(i) Tax matters			
(a) Disputed sales tax demands – matters under appeal	2,554.15	2,429.72	2,329.45
(b) Disputed excise duty and service tax demand - matter under appeal	4,782.79	3,864.18	2,963.75
(c) Disputed income tax demand - matter under appeal *	3,172.93	6,733.15	3,741.60
(ii) Other statutory dues	-	3.83	7.72
(iii) Amount outstanding in respect of corporate guarantees	5,696.27	5,410.28	5,165.06
(iv) Claims against the company not acknowledged as debts.	226.67	226.67	-

\* The amount shown above does not include contingent liability for assessment years which have been reopened (unless demand order is raised) and those pending assessments.

The above disclosure does not cover matters where the exposure has been assessed to be remote.

### NOTE 37. Micro, Small and Medium Enterprises Development Act, 2006 ( 'MSMED' )

The disclosure pursuant to the said Act is as under :

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Principal amount due to suppliers under MSMED Act	2,778.61	4,682.31	3,728.17
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	7.08	4.97	4.05
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	7.08	4.97	4.05

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

### NOTE 38. Share-based payments

On August 16, 2014 the Remuneration and Compensation Committee of the Board of Directors of the Company approved the Employee Stock Option Scheme 2014 ("ESOS-2014") for issue of stock options to the key employees and Employee Stock Option Scheme 2014-A ("ESOS- 2014-A") for issue of stock options to Whole Time Director & CEO of the Company. According to the scheme, whole time Director and CEO and eligible employees selected by the Remuneration and Compensation Committee will be entitled to options from time to time, subject to satisfaction of prescribed vesting conditions. The relevant terms of the grant are as below: -

	("ESOS -2014") Grant – I	("ESOS -2014") Grant – II	("ESOS -2014 - A")
Date of Grant	August 16, 2014	January 27, 2015	August 16, 2014
Number of options granted	5,03,445	34,507	27,15,352
Vesting period	33% - Year 1 33% - Year 2 34% - Year 3	33% - Year 1 33% - Year 2 34% - Year 3	66.67% - Year 1 16.67% - Year 2 16.66% - Year 3
Exercise period	5 years from the respective dates of vesting		
Exercise Price - Per share	₹1	₹ 1	₹ 1
Market price at grant date - Per share	₹188.70	₹289.80	₹188.70

The fair value of option granted is estimated at the grant date using Black Scholes valuation model, taking into account the term and conditions upon which the share options were granted.

## Notes to the financial statements (contd.)

(₹ in Lacs)

The following table illustrates the number and movements in share options during the year,

	("ESOS -2014") Grant – I	("ESOS -2014") Grant – II	("ESOS -2014 - A")
Outstanding at April 1, 2015	4,50,451	34,507	27,15,352
Granted during 2015-16	-	-	-
Cancelled during 2015-16	87,970	34,507	4,52,559
Exercised during 2015-16	96,184	-	-
Outstanding at March 31, 2016	2,66,297	-	22,62,793
Exercisable at March 31, 2016	2,66,297	-	22,62,793
Outstanding at April 1, 2016	2,66,297	-	22,62,793
Granted during 2016-17	-	-	-
Cancelled during 2016-17	19,674	-	-
Exercised during 2016-17	1,11,486	-	4,52,558
Outstanding at March 31, 2017	1,35,137	-	18,10,235
Exercisable at March 31, 2017	1,35,137	-	18,10,235

For option exercised during the period, the weighted average share price at the exercise date was ₹ 324.38 per share (2016 - ₹297.94)

No new stock option have been granted by the company in the current year

The following table list inputs to the model used for the year ended March 31, 2017 and March 31, 2016

Variables	("ESOS -2014")- Grant – I		
	Vest 1	Vest 2	Vest 3
	August 16, 2015	August 16, 2016	August 16, 2017
Volatility	36.19%	37.32%	40.33%
Riskfree Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Dividend yield	1.59%	1.59%	1.59%
Option fair value vest wise of per stock option granted (₹)	177.75	174.99	172.27

Variables	("ESOS -2014 - A")		
	Vest 1	Vest 2	Vest 3
	August 16, 2015	August 16, 2016	August 16, 2017
Volatility	36.19%	37.32%	40.33%
Riskfree Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Dividend yield	1.59%	1.59%	1.59%
Option fair value vest wise of per stock option granted (₹)	177.75	174.99	172.27

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 39. Details of Investments in partnership firm

	Share of partner in profits (%)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Name of Partner			
Share of partner in profits (%)			
Jyothy Fabricare Services Limited	75.00%	75.00%	75.00%
Jyothy Laboratories Limited	25.00%	25.00%	25.00%
Total capital of the firm	339.72	339.00	318.20

### NOTE 40.

#### Earning per share (₹)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Net Profit for calculation of basic and diluted EPS	20,204.50	7,452.04
Weighted average number of shares for calculation of basic EPS	18,14,06,238	18,10,77,764
Effect of dilution :		
Stock option granted under ESOP scheme	1,26,449	25,06,850
Weighted average number of shares for calculation of diluted EPS	18,15,32,687	18,35,84,614
Basic EPS (₹)	11.12	4.12
Diluted EPS (₹)	11.12	4.06

**NOTE 41.** As per the Notification no. 32/99-CE dated July 8, 1999, the Company was entitled to refund of excise duty in Guwahati and Jammu units equivalent to 100% of the amount of the duty paid through Personal Ledger Account ('PLA'). During an earlier year, the Government issued notifications no. 17/2008-CE and 19/2008-CE dated March 27, 2008 restricting the refund amount to a maximum percentage specified in the notification. The Company has received a favourable order from the High Court of Guwahati & Jammu and Kashmir in earlier years. Accordingly, the Company has accrued an additional benefit of ₹958.87 (2016 ₹940.48) in the current year.

## Notes to the financial statements (contd.)

(₹ in Lacs)

**NOTE 42.** Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as per MCA notification no G.S.R. 308 ('E) dated March 31st, 2017 is as provided in the table below:-

	SBNs	Other Denomination notes	Total
Closing cash in hand as on 08.11.2016	32.53	8.80	41.33
Add: Withdrawal from Bank accounts	-	38.53	38.53
Less: Paid for Permitted payments	-	(35.42)	(35.42)
Less: Amount deposited in Banks	(32.53)	-	(32.53)
Closing cash in hand as on 30.12.2016	-	11.91	11.91

The above information has been determined on the basis of the information available with the Company.

**NOTE 43.** During the year, the National Company Law Tribunal vide its Order dated March 01, 2017, approved the Scheme of Merger of Jyothy Consumer Products Marketing Limited (JCPML) with the Company with effect from the Appointed date of April 1, 2016. The merger has been accounted in accordance with the 'Business combinations of entities under common control' as described in (Ind AS) 103 "Business Combinations" and accordingly as per approved scheme, the said merger has been accounted retrospectively for all periods presented including as at April 1, 2015. Accordingly, the financial statements for the year ended March 31, 2016 have also been restated so as to include the financial information of JCPML.

As per Appendix C of Ind AS 103:-

- All assets and liabilities of JCPML as at April 1, 2015 have been taken over at their existing book values.
- The debit balance of reserves of ₹43,667.85 as appearing in the financial statements of JCPML as on April 1, 2015 is aggregated with the corresponding balance appearing in the financial statements of the Company.
- The difference between the amount recorded as investment in JCPML in the books of the Company and the amount of share capital of JCPML, being a surplus has been transferred to capital reserve (₹994.00) as per the scheme.

**NOTE 44.** The Company has entered into an option agreement dated May 5, 2011 with Henkel AG & Co. KGaA (Henkel AG) whereby the Company has granted Henkel AG a firm and irrevocable option, at its sole discretion at any time after the beginning of the fifth year and ending upon the expiry of the sixth year of the said agreement or such other mutually extended period, to acquire a maximum of 26% of the issued equity share capital of the Company at a price which will be mutually determined by the parties at a later date. The Board of Directors have vide their meeting held on March 31, 2017 extended this option upto October 31, 2017. The transaction will take place at the prevailing market price on the relevant date and accordingly the fair value of option is considered to be nil.

### NOTE 45. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### a) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### Balance with government authorities and protest payment

The Company has significant receivable from government authorities in respect of protest payment made in earlier years towards Vat/Excise duty matters. The Company has received favourable orders from the Honorable Supreme Court / High Court in these matters and accordingly assessed that all the amounts are fully recoverable.

## b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing 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.

### Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 38

### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further, the Company has recognised Minimum Alternate Credit (MAT) which can be utilised for a period of 15 years from the assessment year to which it relates to. Based on future projections of taxable profit and MAT, the Company has assessed that the entire MAT credit can be utilised. Also refer footnote number 10 in Note 50.



## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 46. 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		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Financial Assets</b>						
Investment	14,753.09	19,840.79	29,386.33	14,753.09	19,840.79	29,386.33
Deposits	698.09	576.21	552.70	698.09	576.21	552.70
<b>Total</b>	<b>15,451.18</b>	<b>20,417.00</b>	<b>29,939.03</b>	<b>15,451.18</b>	<b>20,417.00</b>	<b>29,939.03</b>
<b>Financial Liabilities</b>						
Borrowings	44,919.04	40,000.00	51,500.00	44,919.04	40,000.00	51,500.00
Financial guarantee contracts	22.40	52.25	82.09	22.40	52.25	82.09
<b>Total</b>	<b>44,941.44</b>	<b>40,052.25</b>	<b>51,582.09</b>	<b>44,941.44</b>	<b>40,052.25</b>	<b>51,582.09</b>

The management assessed that fair value of cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term receivables/advances given are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The fair value of borrowings and financial guarantee contracts is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The same would be sensitive to a reasonably possible change in the forecast cash flows or the discount rate. There are no unobservable inputs that impact fair value.

There are no financial instruments which require recurring fair value measurements and are classified as Level 3 of the fair value hierarchy.

### NOTE 47. Fair values hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets :

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value of financial assets disclosed					
Investment	March 31, 2017	14,753.09	1,408.09	-	13,345.00
	March 31, 2016	19,840.79	6,754.79	-	13,086.00
	April 1, 2015	29,386.33	16,700.33	-	12,686.00

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.

Significant unobservable inputs used in level 3 fair values:

As at March 31, 2017	Significant unobservable inputs	Sensitivity of input to fair value measurement
Investment (optionally convertible redeemable preference share)	Terminal value growth rate: 5%	0.5% increase will increase fair value by ₹ 828 lacs and 0.5% decrease will decrease fair value by ₹ 726 lacs
	Discount Rate: 12.5%	0.5% increase will decrease fair value by ₹ 1,234 lacs and 0.5% decrease will increase fair value by ₹ 1,408 lacs

## Notes to the financial statements (contd.)

(₹ in Lacs)

### NOTE 48. Financial risk management objectives and policies

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has constituted a core Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

#### A. Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2017 and 31st March, 2016. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

For long term borrowings, the Company also focuses on maintaining / improving its credit ratings to ensure that appropriate refinancing options are available on the respective due dates

Particulars	Less than 1 Year	1 to 5 years	5 years and above	Total
<b>As at March 31, 2017</b>				
Borrowings and Other financial liabilities*	26,191.34	20,000.00	-	46,191.34
Trade and other payables	14,480.69	-	-	14,480.69
	<b>40,672.03</b>	<b>20,000.00</b>	<b>-</b>	<b>60,672.03</b>
<b>As at March 31, 2016</b>				
Borrowings and Other financial liabilities	51,771.13	-	-	51,771.13
Trade and other payables	15,662.05	-	-	15,662.05
	<b>67,433.18</b>	<b>-</b>	<b>-</b>	<b>67,433.18</b>
<b>As at April 01, 2015</b>				
Borrowings and Other financial liabilities	12,211.45	46,493.73	-	58,705.18
Trade and other payables	12,918.45	-	-	12,918.45
	<b>25,129.90</b>	<b>46,493.73</b>	<b>-</b>	<b>71,623.63</b>

\* The above disclosure has been made as per the contractual due dates of the borrowings, however, due to put option available to the holder ( Note 15), the same has been presented as current maturity in the financial statements.

## Notes to the financial statements (contd.)

(₹ in Lacs)

### B. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

#### Interest rate risk

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

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk as at the respective reporting dates.

#### Price risk

The Company is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments.

### C. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and other financial assets.

#### Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major trade receivables.

#### Other financial assets

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only in highly marketable debt instruments with appropriate maturities to optimise the cash return on instruments while ensuring sufficient liquidity to meet its liabilities.

### 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.

### NOTE 49. Capital management

For the purpose of the Company capital management, capital includes issued equity capital and other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

## Notes to the financial statements (contd.)

(₹ in Lacs)

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt is calculated as borrowing less cash and cash equivalent and other bank balances and mutual funds investments.

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Borrowings	44,919.04	40,000.00	51,500.00
Less: Cash and cash equivalents, other bank balances and mutual fund investments (Note 11,12a and 12b)	(10,954.21)	(12,242.51)	(23,770.29)
<b>Net debt (A)</b>	<b>33,964.83</b>	<b>27,757.49</b>	<b>27,729.71</b>
Equity	65,364.64	47,213.57	55,627.10
<b>Capital and Net Debt (B)</b>	<b>99,329.47</b>	<b>74,971.06</b>	<b>83,356.81</b>
Gearing ratio (A/B)	34%	37%	33%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

### NOTE 50. First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) and amended thereafter.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

#### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- Ind AS 103 Business Combinations has not been applied to acquisitions, which are considered businesses under Ind AS that occurred before 1 April 2015. The carrying amounts of assets and liabilities in accordance with previous GAAP are considered as their deemed cost at the date of acquisition. After the date of the acquisition, measurements is in accordance with Ind AS. The carrying amount of goodwill in the opening Ind AS balance sheet is its carrying amount in accordance with the previous GAAP.
- The Company has elected to continue with the carrying value for all of its property, plant and equipment including intangibles as recognised in its Indian GAAP financials as deemed cost at the transition date.
- Ind AS 102 Share based payment has not been applied to equity instruments in share based payment transactions that vested before April 1, 2015.
- Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition. There were no embedded leases.
- Investment in subsidiaries that are subsequently measured at cost have been measured at the deemed cost (Fair value) / for one subsidiary and Indian GAAP carrying amount at all other Subsidiaries.

#### Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

## Notes to the financial statements (contd.)

(₹ in Lacs)

### Reconciliation of equity as at April 1, 2015 ( date of transition to Ind AS)

	Foot Notes	Indian GAAP		JCPML Merger Adjustment (Refer Note 43)	Ind AS Adjustments	IND AS
		Jyothy Laboratories Limited	Jyothy Consumer Products Marketing Limited (Note 43)			
<b>Assets</b>						
<b>Non-Current Assets</b>						
Property, plant and equipment		25,143.90	680.69	-	-	25,824.59
Capital work in progress		536.33	117.30	-	-	653.63
Goodwill		10,287.69	-	-	-	10,287.69
Other Intangible assets		21,600.90	-	-	-	21,600.90
Investment in subsidiaries	10,3	9,304.99	-	(497.00)	(8,147.97)	660.02
<b>Financial assets</b>						
Investments	10	15,002.59	-	-	(2,314.00)	12,688.59
Loans		43,893.03	9.50	(43,349.83)	-	552.70
Other financial assets		591.28	3.11	-	-	594.39
Income Tax assets ( net )		8,250.63	16.76	-	-	8,267.39
Other assets		7,619.60	254.19	-	-	7,873.79
		<b>1,42,230.94</b>	<b>1,081.55</b>	<b>(43,846.83)</b>	<b>(10,461.97)</b>	<b>89,003.69</b>
<b>Current assets</b>						
Inventories		18,390.72	218.30	-	-	18,609.02
<b>Financial assets</b>						
Investments	1	16,450.00	-	-	250.33	16,700.33
Trade receivables		5,091.46	610.71	(415.39)	-	5,286.78
Cash and cash equivalent		2,154.68	145.63	-	-	2,300.31
Other bank balances		4,371.13	398.52	-	-	4,769.65
Other financial assets		214.19	6.04	-	-	220.23
Other assets		2,739.87	37.36	-	-	2,777.23
		<b>49,412.05</b>	<b>1,416.56</b>	<b>(415.39)</b>	<b>250.33</b>	<b>50,663.55</b>
<b>Total Assets</b>		<b>1,91,642.99</b>	<b>2,498.11</b>	<b>(44,262.22)</b>	<b>(10,211.64)</b>	<b>1,39,667.24</b>
<b>Equity and liabilities</b>						
<b>Equity</b>						
Equity Share Capital		1,810.23	1,491.00	(1,491.00)	-	1,810.23
Other Equity	1,2,4,6,8,9, 10,11	94,360.11	(43,667.88)	994.00	2,130.64	53,816.87
<b>Total equity</b>		<b>96,170.34</b>	<b>(42,176.88)</b>	<b>(497.00)</b>	<b>2,130.64</b>	<b>55,627.10</b>
<b>Non-Current liabilities</b>						
<b>Financial Liabilities</b>						
Borrowings		40,000.00	-	-	-	40,000.00
Other financial liabilities	2	14,795.90	-	-	(8,586.36)	6,209.54
Provisions		1,269.79	16.87	-	-	1,286.66
Deferred tax liabilities (net)	6	-	-	-	4,877.02	4,877.02
		<b>56,065.69</b>	<b>16.87</b>	<b>-</b>	<b>(3,709.34)</b>	<b>52,373.22</b>
<b>Current liabilities</b>						
<b>Financial Liabilities</b>						
Borrowings		-	43,349.83	(43,349.83)	-	-
Trade payables		12,815.82	518.02	(415.39)	-	12,918.45
Other financial liabilities	3	12,413.55	-	-	82.09	12,495.64
Other liabilities		2,736.43	247.64	-	-	2,984.07
Provisions	4	11,066.28	542.63	-	(8,715.03)	2,893.88
Tax liabilities (net)		374.88	-	-	-	374.88
		<b>39,406.96</b>	<b>44,658.12</b>	<b>(43,765.22)</b>	<b>(8,632.94)</b>	<b>31,666.92</b>
<b>Total liabilities</b>		<b>95,472.65</b>	<b>44,674.99</b>	<b>(43,765.22)</b>	<b>(12,342.28)</b>	<b>84,040.14</b>
<b>Total equity and liabilities</b>		<b>1,91,642.99</b>	<b>2,498.11</b>	<b>(44,262.22)</b>	<b>(10,211.64)</b>	<b>1,39,667.24</b>

## Notes to the financial statements (contd.)

(₹ in Lacs)

### Reconciliation of equity as at March 31, 2016

	Foot Notes	Indian GAAP		JCPML Merger Adjustment (Refer Note 43)	Ind AS Adjustments	IND AS
		Jyothy Laboratories Limited	Jyothy Consumer Products Marketing Limited (Note 43)			
<b>Assets</b>						
<b>Non-Current Assets</b>						
Property, plant and equipment		24,101.62	840.79	-	-	24,942.41
Capital work in progress		501.01	51.17	-	-	552.18
Goodwill		10,287.69	-	-	-	10,287.69
Other Intangible assets	13	17,096.44	-	-	1,433.94	18,530.38
Intangible asset under development		240.00	-	-	-	240.00
Investment in subsidiaries	10,3	9,310.19	-	(497.00)	(8,147.97)	665.22
<b>Financial assets</b>						
Investments	10	15,002.59	-	-	(1,914.00)	13,088.59
Loans	14	47,877.29	11.98	(47,250.31)	(62.75)	576.21
Other financial assets		324.63	7.80	-	-	332.43
Income Tax assets ( net )		12,089.91	17.01	-	-	12,106.92
Other assets		9,909.81	242.68	-	-	10,152.49
		<b>1,46,741.18</b>	<b>1,171.43</b>	<b>(47,747.31)</b>	<b>(8,690.78)</b>	<b>91,474.52</b>
<b>Current assets</b>						
Inventories		18,147.99	223.38	-	-	18,371.37
<b>Financial assets</b>						
Investments	1	6,624.27	-	-	130.52	6,754.79
Trade receivables		8,379.23	494.39	-	-	8,873.62
Cash and cash equivalent		1,457.25	125.11	-	-	1,582.36
Other bank balances		3,480.04	425.32	-	-	3,905.36
Other financial assets		239.69	0.73	-	-	240.42
Other assets	14	2,056.80	59.08	(22.38)	62.75	2,156.25
		<b>40,385.27</b>	<b>1,328.01</b>	<b>(22.38)</b>	<b>193.27</b>	<b>41,884.17</b>
<b>Total Assets</b>		<b>1,87,126.45</b>	<b>2,499.44</b>	<b>(47,769.69)</b>	<b>(8,497.51)</b>	<b>1,33,358.69</b>
<b>Equity and liabilities</b>						
<b>Equity</b>						
Equity Share Capital		1,811.20	1,491.00	(1,491.00)	-	1,811.20
Other Equity	1,2,3,4,6,8,9,10,11,13,14	1,01,446.76	(47,273.96)	994.00	(9,764.43)	45,402.37
<b>Total Equity</b>		<b>1,03,257.96</b>	<b>(45,782.96)</b>	<b>(497.00)</b>	<b>(9,764.43)</b>	<b>47,213.57</b>
<b>Non-Current liabilities</b>						
Provisions		1,632.60	10.88	-	-	1,643.48
Deferred tax liabilities (net)	6	2,453.11	-	-	6,820.57	9,273.68
		<b>4,085.71</b>	<b>10.88</b>	<b>-</b>	<b>6,820.57</b>	<b>10,917.16</b>
<b>Current liabilities</b>						
<b>Financial Liabilities</b>						
Borrowings		-	47,250.31	(47,250.31)	-	-
Trade payables		15,508.02	154.03	-	-	15,662.05
Other financial liabilities	2,3	55,144.86	-	-	(3,373.73)	51,771.13
Other liabilities		4,030.71	321.51	(22.38)	-	4,329.84
Provisions	4	4,564.71	545.67	-	(2,179.92)	2,930.46
Tax liabilities (net)		534.48	-	-	-	534.48
		<b>79,782.78</b>	<b>48,271.52</b>	<b>(47,272.69)</b>	<b>(5,553.65)</b>	<b>75,227.96</b>
<b>Total liabilities</b>		<b>83,868.49</b>	<b>48,282.40</b>	<b>(47,272.69)</b>	<b>1,266.92</b>	<b>86,145.12</b>
<b>Total equity and liabilities</b>		<b>1,87,126.45</b>	<b>2,499.44</b>	<b>(47,769.69)</b>	<b>(8,497.51)</b>	<b>1,33,358.69</b>



## Notes to the financial statements (contd.)

(₹ in Lacs)

### Reconciliation of Profit or loss for the year ended March 31, 2016

	Foot Notes	Indian GAAP		JCPML Merger Adjustment (Refer Note 43)	Ind AS Adjustments	IND AS
		Jyothy Laboratories Limited	Jyothy Consumer Products Marketing Limited (Note 43)			
Income						
Revenue from operations	7	1,57,537.01	7,147.19	(5,136.80)	1,342.88	1,60,890.28
Other income	1,10	952.02	-	(57.78)	280.20	1,174.44
Finance income	3, 14	4,701.81	37.20	(4,335.36)	29.84	433.49
Total income (I)		1,63,190.84	7,184.39	(9,529.94)	1,652.92	1,62,498.21
Expenses						
Cost of raw material and components consumed		48,640.52	278.40	-	-	48,918.92
Purchase of traded goods	7	30,712.40	4,518.59	(5,133.70)	3,738.21	33,835.50
(Increase)/ decrease in inventories of finished goods, work-in- progress and traded goods		115.87	(49.46)	-	-	66.41
Excise Duty expense	7	-	-	-	6,675.99	6,675.99
Employee benefits expense	5	14,109.79	168.10	-	(93.33)	14,184.56
Employee stock option expenses	8	1,750.26	-	-	(122.43)	1,627.83
Depreciation and amortization expense	13	6,793.99	60.82	-	(1,433.94)	5,420.87
Finance costs	2, 11	485.56	4,335.36	(4,335.36)	5,160.38	5,645.94
Other expenses	7, 14	40,434.07	1,478.72	(60.88)	(9,071.35)	32,780.56
Share of (profit)/loss in partnership firm		7.30	-	-	-	7.30
Total expense (II)		1,43,049.76	10,790.53	(9,529.94)	4,853.53	1,49,163.88
Profit/(loss) before tax (I-II)		20,141.08	(3,606.14)	-	(3,200.61)	13,334.33
Income tax						
Current tax (MAT)		4,312.00	-	-	-	4,312.00
Less: MAT credit entitlement		(2,860.00)	-	-	-	(2,860.00)
Deferred tax expense	6	2,453.12	-	-	1,977.17	4,430.29
Total Income tax		3,905.12	-	-	1,977.17	5,882.29
Profit for the year attributable to equity shareholders (A)		16,235.96	(3,606.14)	-	(5,177.78)	7,452.04
Other comprehensive						
Income not to be reclassified to profit or loss in subsequent periods						
Re-measurement gains/ (losses) on defined benefit plans	5	-	-	-	(93.33)	(93.33)
Income tax effect	5	-	-	-	33.64	33.64
		-	-	-	(59.69)	(59.69)
Other comprehensive income for the year net of tax , attributable to equity shareholders (B)		-	-	-	(59.69)	(59.69)
Total comprehensive income for the year net of tax, attributable to equity shareholders (A+B)		16,235.96	(3,606.14)	-	(5,237.47)	7,392.35

## Notes to the financial statements (contd.)

(₹ in Lacs)

Footnotes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and profit and loss for the year ended March 31, 2016 is as given below:-

### 1 FVTPL Financial assets

Under Indian GAAP, the Company accounted for investments in mutual funds as investments measured at quoted cost or market value whichever is lower. Under IND AS, investment in mutual funds are considered as financial assets fair valued through profit and loss account. At the date of transition to IND AS, difference between the fair value and Indian GAAP carrying amount has been adjusted to retained earnings. Further, the difference between the fair value and the Indian GAAP carrying amount as at March 31, 2016 has been considered in the profit and loss account.

### 2 Zero Coupon Non convertible debentures

The Company had issued zero coupon non-convertible debentures redeemable at premium, which were outstanding as on April 1, 2015. Under Indian GAAP, the Company had as per the provisions of the erstwhile Companies Act, 1956 debited the securities premium account with the entire redemption premium and credited the related liability. Under IND AS, these non-convertible redeemable debentures are measured at amortised cost. The Company has retrospectively applied the effective interest method (EIM) and arrived at amortised cost at the date of transition. Accordingly, in terms of the FAQ issued by the ICAI on the said matter, the excess of the carrying value of the financial liability as per Indian GAAP over the amortised cost amount arrived at by using EIM as per IND AS 109 as on the transition date has been reversed by crediting the securities premium account with corresponding debit to the liability account which was credited earlier. For the year ended March 31, 2016, Company has recognised finance cost of ₹5,160.38 in the profit and loss.

### 3 Financial guarantee

The Company had issued financial guarantee on behalf of its subsidiary for the borrowings taken by the latter. As on the date of transition to IND AS, the Company has recognised financial guarantee obligation at fair value of ₹82.09 with corresponding debit to investment in the subsidiary. For the year ended March 31, 2016, the change in the financial guarantee obligation based on amortised cost has been taken to the profit or loss.

### 4 Proposed dividend

Under Indian GAAP, proposed dividends including dividend distribution tax are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under IND AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability of ₹8,715.02 for the year ended on March 31, 2015 recorded for dividend has been derecognised against retained earnings on April 1, 2015. The proposed dividend for the year ended on March 31, 2016 of ₹ 2,179.92 recognised under Indian GAAP was reduced from other payables with a corresponding impact in the retained earnings.

### 5 Defined benefit obligation

Both under Indian GAAP and IND AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under IND AS, premeasurements comprising of actuarial gains and losses on the net defined benefit liability and the return on plan assets are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefits expense is reduced by ₹93.33 and is recognised in other comprehensive income (net of tax of ₹33.64) for the year ended March 31, 2016.

### 6 Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. IND AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of IND AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to different temporary differences on which deferred tax

## Notes to the financial statements (contd.)

(₹ in Lacs)

adjustments have been recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. For the year ended March 31, 2016, the change in the deferred tax based on the above approach has been considered in the profit or loss.

### 7 Sale of goods

Under Indian GAAP, sale of goods was presented net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus, sale of goods under Ind AS has increased by ₹ 5,965.53 with a corresponding increase in excise duty expense.

Further, under Indian GAAP, certain sale promotion expenses amounting was recognised as other expenses. Under Ind AS, revenue shall be measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity. Thus, other expenses has decreased by ₹8,360.94 with corresponding increase in purchase of traded goods of ₹3,738.21 and decrease in sale of goods by ₹4,622.66.

### 8 Share-based payments

Under Indian GAAP, the Company recognised the intrinsic value of the employee stock option plans as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. Accordingly, an expense of ₹122.43 has been reversed in Statement of profit and loss for the year ended 31 March 2016 and adjusted in separate component of equity.

### 9 Investment subsidy

The Company had received certain capital grants in the nature of promoter's contribution which was credited to investment subsidy reserve under Indian GAAP. Under Ind AS, this will be considered as a capital grant. However, as the corresponding assets to which the grant pertain to have been fully depreciated, the balance in the investment subsidy on the transition date has been transferred to retained earnings.

### 10 Investment in subsidiaries and optionally convertible redeemable preference share

Under Indian GAAP, investment in subsidiaries are measured at cost less any allowance for diminution, other than temporary. Under Ind AS, the Company has on the transition date, in respect of one subsidiary measured the same at its fair value and considered this as the deemed cost as per Ind AS 101. Accordingly, the value of the investments has been reduced by ₹8,147.96 to reflect the fair values and the corresponding impact has been considered in retained earnings. The Company has not recognised any deferred tax assets on the transition date in the absence of reasonable certainty that long term capital gains will be available against which such deferred tax assets can be utilised.

Further, the Company had invested in optionally convertible redeemable preference shares of a subsidiary. Under Indian GAAP, the preference shares were classified as investment in subsidiaries and carried at cost. Under Ind AS, they have been considered as financial assets fair valued through profit and loss account and accordingly a reduction in value of this investments amounting to ₹2,314.00 has been considered on the transition date. The Company has not recognised any deferred tax assets on the transition date in the absence of reasonable certainty that long term capital gains will be available against which such deferred tax assets can be utilised. For the year ended March 31, 2016, the Company has recognised a fair value gain of ₹400.

### 11 Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

### 12 Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

### 13 Goodwill amortisation

Based on the business combination exemption availed by the Company on the transition date, the Indian GAAP carrying amount of goodwill has been used in the opening Ind AS balance sheet. Under Ind-AS, goodwill is only tested for impairment annually and not amortised. Accordingly, the goodwill amortised in Indian GAAP for the year ended March 31, 2016 has been reversed.

## Notes to the financial statements (contd.)

(₹ in Lacs)

### 14 Loans (Deposits)

Under Indian GAAP, deposits given under lease are recorded at transaction value, whereas under Ind AS, these are financial assets to be measured at amortised cost at the effective interest rate and the difference is recognised as deferred lease asset. The carrying amount of the asset increases in each period to reflect the passage of time which is recognised as interest income. The carrying amount of the deferred lease asset reduces in each period by way of transfer to lease expense on a straight-line basis over the contract period. This led to a decrease in asset on the date of transition and increase in deferred lease asset.

### 15 Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

### 16 Previous GAAP figures have been reclassified / regrouped wherever necessary to confirm with financial statements prepared under IND AS.

### NOTE 51. Recent accounting pronouncements

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from April 1, 2017.

#### a) Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements.

#### b) Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of tax deductible at source. The Company does not have any cash settled award as at March 31, 2017.

Signatures to Notes 1 to 51

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

per **Vikram Mehta**

Partner

Membership No.: 105938

Place: Mumbai

Date: May 18, 2017

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

**M.P. Ramachandran**

Chairman and Managing Director

DIN: 00553406

**Shreyas Trivedi**

Company Secretary

Membership No.: A12739

Place: Mumbai

Date: May 18, 2017

**K.Ullas Kamath**

Joint Managing Director and  
Chief Financial Officer

DIN: 00506681

# Independent Auditor's Report

To The Members of  
Jyothy Laboratories Limited

## Report on the Consolidated Ind AS financial statements

We have audited the accompanying consolidated Ind AS financial statements of Jyothy Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

## Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in

India of the consolidated state of affairs of the Group as at March 31, 2017, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

#### Emphasis of Matter

Without qualifying our report and as more fully described in Note 35 to the financial statements, we draw attention to managerial remuneration paid/provided by the Company for the year ended March 31, 2017 in excess of the limits prescribed under the Companies Act, 2013. As informed to us, the Company has filed a revised application with the Central government for approval of such excess remuneration. Pending approval, no adjustments are considered necessary in these consolidated Ind AS financial statements.

#### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under

Section 139 of the Act, of its subsidiary companies, incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries as noted in the 'Other matter' paragraph:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 38 to the consolidated Ind AS financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2017.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2017.
  - iv. The Holding Company and subsidiaries incorporated in India have provided requisite disclosures in Note 45 to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group and as produced to us by the Management of the Holding Company.



**Other Matter**

(a) We did not audit the financial statements and other financial information, in respect of four subsidiaries, whose Ind AS financial statements include total assets of ₹1,938 Lacs and net assets of Rs 852 Lacs as at March 31, 2017, and total revenues of Rs 1,824 lacs and net cash inflows of ₹ 63 Lacs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

One of the subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in the respective country and which have been audited by other auditors under generally accepted auditing standards applicable in the respective country. The Company's management has converted the financial statements of such subsidiary located outside India from accounting principles

generally accepted in the respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our above opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management

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

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **VIKRAM MEHTA**

Place : Mumbai

Partner

Date: May 18, 2017

Membership No: 105938

# Annexure 1 referred to in our report of even date on the consolidated IND AS financial statements

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

To The Members of  
Jyothy Laboratories Limited

In conjunction with our audit of the consolidated financial statements of Jyothy Laboratories Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Jyothy Laboratories Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit

of internal financial controls over internal reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding 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.

#### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to 2 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2017, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 18, 2017 expressed an unqualified opinion thereon.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per VIKRAM MEHTA

Partner

Place : Mumbai

Date: May 18, 2017

Membership No: 105938

# Consolidated Balance Sheet as at 31st March, 2017

(₹ in Lacs)

	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4a	30,571.71	27,794.81	28,379.57
Capital work in progress		877.01	552.18	1,611.13
Goodwill	4b	78,633.19	78,633.19	78,633.19
Other Intangible assets	4b	497.45	349.74	397.82
Intangible asset under development		-	240.00	-
<b>Financial assets</b>				
Investments	5	2.59	2.59	2.59
Loans	6	901.68	804.18	815.32
Trade receivables	7	569.27	-	-
Other financial assets	8	637.03	340.37	622.94
Income tax assets (net)	9	14,413.76	12,349.99	8,472.95
Deferred tax assets (net)	19	-	-	1,347.75
Other assets	10	10,786.90	10,278.62	7,997.66
		<b>1,37,890.59</b>	<b>1,31,345.67</b>	<b>1,28,280.92</b>
<b>Current assets</b>				
Inventories	11	19,637.23	18,508.15	18,814.97
<b>Financial assets</b>				
Investments	12	2,845.83	8,589.15	19,497.57
Loans	6	78.84	217.58	162.83
Trade receivables	7	11,711.74	9,411.03	5,741.90
Cash and cash equivalent	13a	4,011.66	2,367.39	2,575.06
Other bank balances	13b	6,332.42	3,752.44	4,888.69
Other financial assets	8	258.87	519.01	428.16
Other assets	10	3,234.38	2,246.50	2,922.96
		<b>48,110.97</b>	<b>45,611.25</b>	<b>55,032.14</b>
<b>Total assets</b>		<b>1,86,001.56</b>	<b>1,76,956.92</b>	<b>1,83,313.06</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity Share Capital	14	1,816.84	1,811.20	1,810.23
Other Equity *		1,07,084.26	88,336.59	96,426.13
<b>Equity attributable to equity holders of the parent</b>		<b>1,08,901.10</b>	<b>90,147.79</b>	<b>98,236.36</b>
Non-controlling interests *		(665.15)	(265.87)	143.74
<b>Total equity</b>		<b>1,08,235.95</b>	<b>89,881.92</b>	<b>98,380.10</b>
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	16	552.44	727.44	44,902.44
Other financial liabilities	17	-	-	6,297.16
Provisions	18	2,296.08	1,776.65	1,370.42
Deferred tax liabilities (net)	19	691.96	4,092.88	-
		<b>3,540.48</b>	<b>6,596.97</b>	<b>52,570.02</b>
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	16	4,919.04	-	-
Trade payables	20	14,898.05	16,115.14	13,246.79
Other financial liabilities	17	46,424.90	56,437.27	12,725.75
Provisions	18	3,218.94	3,024.13	2,992.51
Tax liabilities (net)	21	299.01	534.48	374.88
Other liabilities	22	4,465.19	4,367.01	3,023.01
		<b>74,225.13</b>	<b>80,478.03</b>	<b>32,362.94</b>
<b>Total liabilities</b>		<b>77,765.61</b>	<b>87,075.00</b>	<b>84,932.96</b>
<b>Total equity and liabilities</b>		<b>1,86,001.56</b>	<b>1,76,956.92</b>	<b>1,83,313.06</b>
* Refer Statement of Changes In Equity				
Summary of significant accounting policies				
	3			

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

As per our report of even date

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

per **Vikram Mehta**  
Partner  
Membership No.: 105938

Place: Mumbai  
Date: May 18, 2017

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

**M.P. Ramachandran**  
Chairman and Managing Director  
DIN: 00553406

**Shreyas Trivedi**  
Company Secretary  
Membership No.: A12739

Place: Mumbai  
Date: May 18, 2017

**K.Ullas Kamath**  
Joint Managing Director and  
Chief Financial Officer  
DIN: 00506681

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

(₹ in Lacs)

	Note	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>Income</b>			
Revenue from operations	23	1,74,918.49	1,65,951.42
Other income	24	350.64	994.36
Finance income	25	717.71	436.89
<b>Total income (I)</b>		<b>1,75,986.84</b>	<b>1,67,382.67</b>
<b>Expenses</b>			
Cost of raw material and components consumed	26	52,424.54	49,662.91
Purchase of traded goods		37,592.57	33,824.54
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	27	(605.51)	115.30
Excise duty expense		6,619.41	6,675.98
Employee benefits expense	28	17,288.43	16,475.99
Employee stock option expenses	28	236.30	1,627.83
Depreciation and amortisation expense	29	3,005.55	3,140.15
Finance costs	30	5,646.65	6,183.90
Other expenses	31	35,913.83	35,365.46
<b>Total Expense (II)</b>		<b>1,58,121.77</b>	<b>1,53,072.06</b>
<b>Profit before tax (I - II)</b>		<b>17,865.07</b>	<b>14,310.61</b>
<b>Income tax</b>	32		
Current tax (MAT)		3,435.30	4,304.60
Less: MAT credit entitlement		(3,430.96)	(2,850.25)
Adjustment of tax relating to earlier periods		785.27	-
Deferred tax expense / (income)		(3,339.80)	5,474.27
<b>Total Income tax</b>		<b>(2,550.19)</b>	<b>6,928.62</b>
<b>Profit for the year (A)</b>		<b>20,415.26</b>	<b>7,381.99</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Re-measurement gains/ (losses) on defined benefit plans		(184.37)	(134.22)
Income tax effect	32	61.12	33.64
<b>Other comprehensive income for the year, net of tax (B)</b>		<b>(123.25)</b>	<b>(100.58)</b>
<b>Total comprehensive income for the year, net of tax (A+B)</b>		<b>20,292.01</b>	<b>7,281.41</b>
Non controlling interest		20,691.29	7,717.31
<b>Profit after tax</b>		<b>20,691.29</b>	<b>7,717.31</b>
<b>Profit for the year</b>		<b>20,415.26</b>	<b>7,381.99</b>
Attributable to :			
Equity holders of the parent		20,812.62	7,807.74
Non-controlling interests		(397.36)	(425.75)
<b>Total comprehensive income</b>		<b>20,292.01</b>	<b>7,281.41</b>
Attributable to :			
Equity holders of the parent		20,691.29	7,717.31
Non-controlling interests		(399.28)	(435.90)
<b>Earnings per share (EPS)</b>	46		
Basic (₹)		11.24	4.08
Diluted (₹)		11.24	4.02
Nominal value per share (₹)		1.00	1.00
<b>Summary of significant accounting policies</b>	3		

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

per Vikram Mehta

Partner

Membership No.: 105938

Place: Mumbai

Date: May 18, 2017

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

M.P. Ramachandran

Chairman and Managing Director

DIN: 00553406

Shreyas Trivedi

Company Secretary

Membership No.: A12739

Place: Mumbai

Date: May 18, 2017

K.Ullas Kamath

Joint Managing Director and

Chief Financial Officer

DIN: 00506681

## Consolidated Statement of Changes in Equity for the year ended 31st March, 2017

(₹ in Lacs)

A. Equity share capital	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity shares of ₹ 1 each issued, subscribed and fully paid			
At the beginning of the period	1,811.20	1,810.23	1,810.23
Issued of share capital	5.64	0.97	-
At the end of the period	1,816.84	1,811.21	1,810.23
For further details, Refer Note 14			

### B. Other Equity

(₹ in Lacs)

Particulars	Attributable to equity holders of the Parent								
	Retained earnings	Capital reserves	Securities premium	Debenture redemption reserve (DRR) *	General reserves	Employee stock option outstanding	Total	Non Controlling Interest	Total Equity
As at April 1, 2015	(3,954.67)	5,480.32	47,674.95	11,995.02	32,539.08	2,691.43	96,426.13	143.74	96,569.87
Profit for the year	7,807.74	-	-	-	-	-	7,807.74	(425.75)	7,381.99
Other comprehensive income	(90.43)	-	-	-	-	-	(90.43)	(10.15)	(100.58)
<b>Total comprehensive income</b>	<b>7,717.31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,717.31</b>	<b>(435.90)</b>	<b>7,281.41</b>
Compensation on stock option granted / cancelled (Note 40)	-	-	-	-	-	1,627.83	1,627.83	-	1,627.83
Exercise of share options (Note 40)	-	-	180.54	-	-	(180.54)	-	-	-
Cash dividend (Note 15)	(14,485.73)	-	-	-	-	-	(14,485.73)	-	(14,485.73)
Dividend Distribution Tax on cash dividend (Note 15)	(2,948.95)	-	-	-	-	-	(2,948.95)	-	(2,948.95)
Transfer to DRR	(4,560.01)	-	-	4,560.01	-	-	-	-	-
Transfer from DRR	-	-	-	(2,875.00)	2,875.00	-	-	-	-
Additional investment by non controlling interest	-	-	-	-	-	-	-	26.29	26.29
<b>As at March 31, 2016</b>	<b>(18,232.05)</b>	<b>5,480.32</b>	<b>47,855.49</b>	<b>13,680.03</b>	<b>35,414.08</b>	<b>4,138.72</b>	<b>88,336.59</b>	<b>(265.87)</b>	<b>88,070.72</b>
Profit for the year	20,812.62	-	-	-	-	-	20,812.62	(397.36)	20,415.26
Other comprehensive income	(121.33)	-	-	-	-	-	(121.33)	(1.92)	(123.25)
<b>Total comprehensive income</b>	<b>20,691.29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,691.29</b>	<b>(399.28)</b>	<b>20,292.01</b>
Compensation on stock option granted / cancelled (Note 40)	-	-	-	-	-	236.30	236.30	-	236.30



## Consolidated Statement of Changes in Equity for the year ended 31st March, 2017

### B. Other Equity (contd.)

(₹ in Lacs)

Particulars	Attributable to equity holders of the Parent							Non Controlling Interest	Total Equity
	Retained earnings	Capital reserves	Securities premium	Debt redemption reserve (DRR) *	General reserves	Employee stock option outstanding	Total		
Exercise of share options (Note 40)	-	-	981.32	-	-	(981.32)	-	-	-
Transfer from DRR	13,680.03	-	-	(13,680.03)	-	-	-	-	-
Transfer to DRR	(6,250.00)	-	-	6,250.00	-	-	-	-	-
Cash dividend (Note 15)	(1,811.20)	-	-	-	-	-	(1,811.20)	-	(1,811.20)
Dividend Distribution Tax on cash dividend (Note 15)	(368.72)	-	-	-	-	-	(368.72)	-	(368.72)
As at March 31, 2017	7,709.35	5,480.32	48,836.81	6,250.00	35,414.08	3,393.70	1,07,084.26	(665.15)	1,06,419.11

\* The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 as amended, require the company to create DRR out of profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures outstanding over the life of debentures.

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

As per our report of even date

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

per **Vikram Mehta**  
Partner  
Membership No.: 105938

Place: Mumbai  
Date: May 18, 2017

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

**M.P. Ramachandran**  
Chairman and Managing Director  
DIN: 00553406

**Shreyas Trivedi**  
Company Secretary  
Membership No.: A12739

Place: Mumbai  
Date: May 18, 2017

**K.Ullas Kamath**  
Joint Managing Director and  
Chief Financial Officer  
DIN: 00506681

## Consolidated Statement of Cash Flows for the year ended 31st March, 2017

(₹ in Lacs)

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:</b>		
Profit before tax	17,865.07	14,310.61
<b>Adjustments to reconcile profit before tax to net cash flows :</b>		
Depreciation, amortisation and impairment	3,005.55	3,140.15
Loss on fixed assets discarded	87.60	115.08
Loss / (Profit) on sale of fixed assets	10.82	(48.90)
Gain on financial assets fair valued through profit or loss	(109.48)	(245.15)
Profit on sale of current investments	(125.92)	(638.78)
Finance costs	5,646.65	6,183.90
Finance income	(717.71)	(436.89)
Foreign exchange fluctuation gain (net)	(6.42)	(14.47)
Provision for doubtful debts and advances	90.53	98.58
Employee stock option expenses	236.30	1,627.83
<b>Operating profit before working capital changes</b>	<b>25,982.99</b>	<b>24,091.96</b>
<b>Movements in working capital :-</b>		
Increase/ (decrease) in trade payables	(1,207.25)	2,868.35
Increase / (decrease) in provisions	529.87	303.63
Increase/ (decrease) in other liabilities	98.18	1,419.84
Increase/ (decrease) in other financial liabilities	(26.35)	56.50
Decrease / (increase) in trade receivables	(2,908.93)	(3,678.57)
Decrease / (increase) in inventories	(1,129.08)	306.82
Decrease / (increase) in loans	(13.76)	(118.28)
Decrease / (increase) in other financial assets	118.76	92.49
Decrease / (increase) in other assets	(2,023.21)	(951.49)
<b>Cash generated from operations</b>	<b>19,421.22</b>	<b>24,391.25</b>
Taxes paid (net)	(3,088.82)	(5,171.79)
<b>Net Cash (used in) / generated from operating activities ( A )</b>	<b>16,332.40</b>	<b>19,219.46</b>
<b>B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:</b>		
Purchase of fixed assets including capital work-in-progress and capital advances	(5,773.62)	(2,816.63)
Proceeds from sale of fixed assets	107.94	169.54
Proceeds from / (Investment in) fixed deposit	(2,735.26)	1,233.47
Proceeds from sale of Mutual Fund	27,978.72	47,850.60
Investment in Mutual Fund	(22,000.00)	(36,058.25)
Interest income received	717.71	438.90
<b>Net cash used in investing activities ( B )</b>	<b>(1,704.51)</b>	<b>10,817.63</b>

## Consolidated Statement of Cash Flows for the year ended 31st March, 2017 (contd.)

(₹ in Lacs)

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:</b>		
Interest and finance charges paid	(15,553.38)	(982.35)
Proceeds from allotment of equity shares under ESOP Scheme	5.64	0.98
Repayment of Debentures and long term loans	(40,175.00)	(11,675.00)
Proceeds from issue of Debentures	40,000.00	-
Proceeds from short-term borrowings	4,919.04	-
Repayment of Deferred Payment Liability	-	(180.00)
Dividend paid	(1,811.20)	(14,485.73)
Dividend tax paid	(368.72)	(2,948.95)
Proceed from issue of shares by subsidiary	-	26.29
<b>Net cash (used in) /generated from financing activities ( C )</b>	<b>(12,983.62)</b>	<b>(30,244.76)</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,644.27	(207.67)
Cash and cash equivalents at the beginning of the year	2,367.39	2,575.06
<b>Cash and cash equivalents at the end of the year</b>	<b>4,011.66</b>	<b>2,367.39</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	28.73	37.83
Balance with scheduled banks - Current account	3,498.64	1,764.96
- Deposit account	377.80	425.32
Unclaimed dividend accounts *	106.49	139.28
<b>Cash and cash equivalents considered for cash flows statement</b>	<b>4,011.66</b>	<b>2,367.39</b>
*Not available for use by the management for any other purpose		
Summary of significant accounting policies	Note 3	

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

As per our report of even date

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

per **Vikram Mehta**  
Partner  
Membership No.: 105938

Place: Mumbai  
Date: May 18, 2017

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

**M.P. Ramachandran**  
Chairman and Managing Director  
DIN: 00553406

**Shreyas Trivedi**  
Company Secretary  
Membership No.: A12739

Place: Mumbai  
Date: May 18, 2017

**K.Ullas Kamath**  
Joint Managing Director and  
Chief Financial Officer  
DIN: 00506681

# Notes to the consolidated financial statements

## NOTE 1. Corporate information

Jyothy Laboratories Limited ('the Company') is a public company domiciled in India. Its shares are listed on two stock exchanges in India. The registered office of the company is located at Ujala House , Ramkrishnan Mandir Road, Kondivita, Andheri (E) Mumbai.

The Consolidated financials statement comprise the financial statements of Jyothy Laboratories Limited ('the Company') and its subsidiaries hereinafter referred to as 'the Group'. The Group is principally engaged in manufacturing and marketing of fabric care, dishwashing, personal care, household insecticides products and also provides laundry and dry cleaning services.

These Financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors on May 18, 2017.

## NOTE 2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified, under the Companies (Indian Accounting Standards) Rules, 2015 as amended. For all periods up to and including the year ended March 31, 2016, the Group has prepared these financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 (Indian GAAP). These financial statements for the year ended March 31, 2017 are the first the Group has prepared in accordance with Ind AS. Refer note 54 for information on how the Group adopted Ind AS.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which have been measured at fair value.

(Refer accounting policy regarding financial instruments).

The consolidated financial statements are prepared in INR and all values are rounded to nearest lacs except where otherwise indicated.

### Basis of consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted

## Notes to the consolidated financial statements (contd.)

in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

The consolidated financial statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrelieved profits / losses, unless cost / revenue cannot be recovered. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

The excess of the cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries is recognised as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said goodwill is not amortised, however, it is tested for impairment at each balance sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of the cost of investments of the Group, it is recognised as 'Capital reserve'.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of :- The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and the non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Consolidated Financial Statements includes the financial statements of the following subsidiaries:

Name of the Company	Country of incorporation	Percentage of equity interest	
		March 31, 2017	March 31, 2016
(a) Direct Subsidiaries			
1. Jyothy Fabricare Services Limited	India	75.10	75.10
2. Jyothy Kallol Bangladesh Limited	Bangladesh	75.00	75.00
3. Jyothy Consumer Products Marketing Ltd	India	Note 53	100.00
(b) Indirect Subsidiaries *			
4. Snoways Launderers and Drycleaners Pvt.Ltd (Note I)	India	36.80	36.80
5. Four Seasons Dry Cleaning Co. Private Limited	India	75.10	75.10
6. JFSL-JLL(JV) - partnership firm	India	81.32	81.32

\* Effective holding % of Company directly and indirectly through its subsidiaries.

**Note :**

- I Jyothy Fabricare Services Limited has 49% share in Snoways Launderers & Drycleaners Pvt. Ltd and has entered into agreement which enable it to control the composition of the Board of Directors of the latter, making it a subsidiary company of Jyothy Fabricare Services Limited.

### NOTE 3. Summary of significant accounting policies

The significant accounting policies adopted by the Group, in respect of the consolidated financial statements are as follows:

#### a. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

Expected to be realised or intended to be sold or consumed in normal operating cycle

- Held primarily for the purpose of trading

## Notes to the consolidated financial statements (contd.)

- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

### b. Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at their functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

#### Group Companies

On consolidation, the assets and liabilities of foreign subsidiary's operation are translated into INR at the rate of exchange prevailing at reporting date and their statement of profit or loss are translated at exchange prevailing at date of transactions. For practical reasons, the Group uses an average rate to translate income and expense item, If the average rate approximates the exchange rates at date of transactions. The exchange differences arising on translation for consolidation are recognised in the consolidated statement of profit and loss.

### c. Fair value measurement

The Group measures financial instruments (refer Note 3p) at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



## Notes to the consolidated financial statements (contd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### d. Revenue recognition

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

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) / service tax is not received by the Group on its own account. Rather, it is tax collected on service provided or value added to the commodity by the seller or service provider on behalf of the government. Accordingly, it is excluded from revenue.

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

#### Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

#### Sale of Services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period provided no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service. Service revenue are net of service tax.

#### Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of consolidated profit and loss.

## Notes to the consolidated financial statements (contd.)

### e. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

### f. Taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

## Notes to the consolidated financial statements (contd.)

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. MAT credit entitlement is presented in the financial statements as "Income tax assets" and not offset to deferred tax asset / liability in the balance sheet as the conditions for offset as per Ind AS 12 Income taxes are not met.

Sales/ value added tax / Service taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes /service tax paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### g. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant part of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

All other repair and maintenance cost are recognised in profit and loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Category	Estimated useful life (in years)
Factory Buildings	10 - 30
Building (Other than Factory Building)	30 - 60
Building (Fences and temporary structure)	3 - 6
Plant and machinery	13 - 15
Furniture and fixtures	5 - 10
Leasehold Improvements (Outlets on Lease)	3
Dies and moulds	3
Computers	3-6
Office equipment's	5
Vehicles	6 - 8

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.

### h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

## Notes to the consolidated financial statements (contd.)

The useful lives of intangible assets are assessed finite as per table below:

Category	Estimated useful life (in years)
Trademarks and Copyrights	9-10
Brands	10
Software and Licences	10

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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

### i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

#### Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. An operating lease is a lease other than a finance lease.

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

### k. Inventories

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

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

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

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

### l. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating

## Notes to the consolidated financial statements (contd.)

unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses including impairment on inventories, are recognised in the consolidated statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually on reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

### m. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### n. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already

## Notes to the consolidated financial statements (contd.)

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 Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

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

### o. Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

#### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in employee stock option outstanding in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### p. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at

## Notes to the consolidated financial statements (contd.)

fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories -

1. Debt instruments at amortised cost
2. Debt instruments at fair value through other comprehensive income (FVTOCI)
3. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
4. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

The Group does not have any financial assets falling under category 2 and 4 above.

### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL and are measured at fair value with all changes recognised in the profit or loss. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) The Group has transferred substantially all the risks and rewards of the asset, or
  - (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



## Notes to the consolidated financial statements (contd.)

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

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

### **Impairment of financial assets**

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

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the consolidated statement of profit and loss.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

### **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Loans and borrowings**

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit and loss.

This category generally applies to borrowings.

The Group does not have any financial liabilities at fair value through profit or loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated statement of profit or loss.

#### **Embedded derivatives**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would

## Notes to the consolidated financial statements (contd.)

be required by the contract to be modified according to a specified interest rate, financial instrument price, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

### Reclassification of financial assets

The group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

#### r. Cash dividend to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 4A. Property, plant and equipment's

Particulars	Freehold land @	Leasehold land	Building # @	Plant and machinery	Dies and moulds	Furniture and fixture	Leasehold Improve-ment	Office equip-ments	Vehicle	Total tangible assets
<b>Cost</b>										
As at April 1, 2015	3,727.30	352.19	12,049.82	10,725.95	173.76	450.94	103.73	318.55	477.33	28,379.57
Additions	-	-	609.80	1,813.35	48.00	65.30	1.10	124.87	33.18	2,695.60
Disposals	-	-	40.35	477.38	4.60	10.06	26.30	5.64	13.49	577.82
As at March 31, 2016	3,727.30	352.19	12,619.27	12,061.92	217.16	506.18	78.53	437.78	497.02	30,497.35
Additions	939.79	-	1,233.82	2,647.13	571.13	74.58	5.81	193.83	131.24	5,797.33
Disposals	10.07	-	4.09	178.03	7.20	2.32	-	1.78	20.29	223.78
As at March 31, 2017	4,657.02	352.19	13,849.00	14,531.02	781.09	578.44	84.34	629.83	607.97	36,070.90
<b>Depreciation and impairment</b>										
As at April 1, 2015	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	3.99	550.58	1,969.20	95.03	108.60	48.65	146.08	122.51	3,044.64
Disposals	-	-	0.09	315.07	2.44	4.09	13.80	2.73	3.88	342.10
As at March 31, 2016	-	3.99	550.49	1,654.13	92.59	104.51	34.85	143.35	118.63	2,702.54
Depreciation charge for the year	-	4.05	576.05	1,788.29	127.96	105.37	37.30	140.01	114.29	2,893.32
Disposals	-	-	0.28	77.55	6.49	1.44	-	1.24	9.67	96.67
As at March 31, 2017	-	8.04	1,126.26	3,364.87	214.06	208.44	72.15	282.12	223.25	5,499.19
<b>Net book value</b>										
As at March 31, 2017	4,657.02	344.15	12,722.74	11,166.15	567.03	370.00	12.19	347.71	384.72	30,571.71
As at March 31, 2016	3,727.30	348.20	12,068.78	10,407.79	124.57	401.67	43.68	294.43	378.39	27,794.81
As at April 1, 2015	3,727.30	352.19	12,049.82	10,725.95	173.76	450.94	103.73	318.55	477.33	28,379.57

@ Freehold land and building includes asset which are not transferred in the name of the company amounting to ₹2,997.27 (Gross block) (2016 - ₹5,507.76, 2015 - ₹5,507.76). These are held in the name of the entities which have been merged with the company in earlier years.

# Includes ₹374.31 (2016 - ₹374.31, 2015 - ₹374.31) represented by unquoted fully paid shares at cost in various co-operative societies.

The Group has not capitalised any borrowing cost in current and previous year.

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 4B. Intangible assets

Particulars	Goodwill	Other Intangible assets		Total other intangible assets
		Trademarks and Copyrights \$	Softwares and Licences	
<b>Cost</b>				
As at April 1, 2015	78,633.19	104.77	293.05	397.82
Additions	-	-	47.43	47.43
Disposals	-	-	-	-
As at March 31, 2016	78,633.19	104.77	340.48	445.25
Additions	-	-	259.94	259.94
Disposals	-	-	-	-
As at March 31, 2017	78,633.19	104.77	600.42	705.19
<b>Amortisation and impairment</b>				
As at April 1, 2015	-	-	-	-
Amortisation charge for the year	-	45.28	50.23	95.51
Disposals	-	-	-	-
As at March 31, 2016	-	45.28	50.23	95.51
Amortisation charge for the year	-	42.26	69.97	112.23
Disposals	-	-	-	-
As at March 31, 2017	-	87.54	120.20	207.74
<b>Net book value</b>				
As at March 31, 2017	78,633.19	17.23	480.22	497.45
As at March 31, 2016	78,633.19	59.49	290.25	349.74
As at April 1, 2015	78,633.19	104.77	293.05	397.82

\$ Includes trademarks and copyrights of ₹81.22 (2016 - 81.22) (2015 - 81.22) pending for registration in the name of the Company and ₹20.23 (2016 ₹20.23) (2015 - ₹20.23) pending for registration in the name of the Jyothy Fabricare Services Limited.

#### Impairment

The goodwill is tested for impairment annually as at March 31st and accordingly no impairment charges were identified for FY 2016-17 (Nil for FY 2015-16).

A) Goodwill of ₹ 70,925.56 lacs relates to the acquisition of erstwhile business of Henkel India Limited. Since it is not practicable to allocate the goodwill to various reportable segments, the recoverable amount has been determined collectively for all brands acquired and compared with the carrying value of goodwill. Further, an amount of ₹250.10 lacs pertains to Fabric Care segment and has been entirely allocated to this reportable segment.

The following key assumptions were considered while performing the above impairment testing : -

Terminal value growth rate - 5%

Weighted Average Cost of Capital % (WACC) (Discount rate) - 13%

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

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

B) Goodwill of ₹ 7,457.87 lacs relates to various acquisitions in the laundry services segment and has been entirely allocated to this segment.

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

The following key assumptions were considered while performing the above impairment testing : -

Terminal value growth rate - 5%

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

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.

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

### FINANCIAL ASSETS

#### NOTE 5. Investments

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments at fair value through profit and loss*			
Henkel SPIC Employees Co-operative Thrift and Credit Society Limited			
2,000 (2016 - 2,000 ; 2015 - 2,000) equity shares of ₹100 (2016 - ₹ 100 ; 2015 - ₹100) each fully paid up	2.00	2.00	2.00
Capexil (Agencies) Ltd			
5 (2016 - 5 ; 2015 - 5) equity shares of ₹ 1,000 (2016 - ₹1,000 ; 2015 - Rs 1,000) each fully paid up	-	-	-
Madras Industrial Cooperative Analytical Laboratory Limited			
2 (2016 - 2 ; 2015 - 2) equity shares of ₹ 500 (2016 - ₹500 ; 2015 - ₹500) each fully paid up	-	-	-
Indira Vikas Patra	0.02	0.02	0.02
National Saving Certificates (Pledged with Government authorities)	0.57	0.57	0.57
	2.59	2.59	2.59
Aggregate value of unquoted investments	2.59	2.59	2.59
Aggregate amount of impairment in value of investments	-	-	-

\* Investment at fair value through profit or loss reflect investment in unquoted equity securities. Since the amount is not material, the fair value disclosure have not been made.

#### NOTE 6. Loans (Unsecured consider good, unless otherwise stated)

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deposits	922.71	825.21	864.58	78.84	217.58	162.83
Less: Impairment Allowance (provisions for doubtful advance)	(21.03)	(21.03)	(49.26)	-	-	-
	901.68	804.18	815.32	78.84	217.58	162.83

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 7. Trade Receivables ( Unsecured )

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Considered good	569.27	-	-	11,711.74	9,411.03	5,741.90
Considered doubtful	-	-	-	1,204.26	1,200.54	1,397.11
	569.27	-	-	12,916.00	10,611.57	7,139.01
<b>Impairment Allowance (Provisions bad and doubtful debts)</b>						
Considered doubtful	-	-	-	(1,204.26)	(1,200.54)	(1,397.11)
	569.27	-	-	11,711.74	9,411.03	5,741.90

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.

### NOTE 8. Other financial assets

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed deposit with Banks having original maturity of more than 12 months (Note 13b)	516.03	93.87	250.93	-	266.88	207.04
Interest receivable	-	-	-	-	-	2.01
Staff Loans	-	-	-	154.43	146.96	108.63
Other receivables	121.00	246.50	372.01	125.50	126.23	131.54
Less: Impairment Allowance (Provisions for doubtful advances)	-	-	-	(21.06)	(21.06)	(21.06)
	637.03	340.37	622.94	258.87	519.01	428.16
<b>Breakup of financial assets carried at amortised cost</b>						
Trade receivable (Note 7)	569.27	-	-	11,711.74	9,411.03	5,741.90
Loans (Note 6)	901.68	804.18	815.32	78.84	217.58	162.83
Other financial assets (Note 8)	637.03	340.37	622.94	258.87	519.01	428.16
Cash and cash equivalent and other bank balance (Note 13a & 13b)	-	-	-	10,344.08	6,119.83	7,463.75
<b>Total financial assets carried at amortised cost</b>	2,107.98	1,144.55	1,438.26	22,393.53	16,267.45	13,796.64

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 9. Income tax assets (net)

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
MAT Credit entitlement	11,840.06	9,194.39	6,344.11	-	-	-
Advance income tax (net of provisions of ₹14,267.10 (2016 ₹9,952.90, 2015 ₹ 6,877.90)	2,573.70	3,155.60	2,128.84	-	-	-
	14,413.76	12,349.99	8,472.95	-	-	-

### NOTE 10. Other assets

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances	358.10	805.90	152.89	-	-	-
Advance to suppliers*	494.85	58.45	65.85	1,381.40	1,585.59	1,500.97
Balance with government authorities and protest payments* (Note 42)	9,970.76	8,955.06	7,346.82	1,866.55	1,428.17	2,045.55
Prepaid Expenses	5.52	74.96	75.41	521.63	211.72	216.08
Asset held for sale	-	-	-	68.05	147.30	147.30
Other receivables*	624.77	614.95	607.40	320.62	151.05	221.63
Less: Impairment Allowance (Provisions for doubtful advances)	(667.10)	(230.70)	(250.71)	(923.87)	(1,277.33)	(1,208.57)
	10,786.90	10,278.62	7,997.66	3,234.38	2,246.50	2,922.96

\* Advances to suppliers, Balance with government authorities & Protest payments, Other receivables and Capital Advances include ₹537.22 (2016 - ₹454.27; 2015 - 385.52), Rs 1,048.50 (2016 - ₹ 1,048.50 ; 2015 - ₹ 1,048.50), ₹5.25 (2016 - ₹5.25 ; 2015 - ₹ 5.25) and ₹ Nil (2016 - ₹ Nil ; 2015-₹ 20.01) respectively, considered doubtful and fully provided for.



## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 11. Inventories (Valued at lower of cost or net realisable value)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw and packing materials ( including goods in transit ₹ Nil (2016 - ₹ 2.19 ; 2015 - ₹ Nil)	5,402.51	5,034.18	5,238.99
Work in progress	1,525.59	1,547.72	1,371.28
Finished goods manufactured	8,438.11	8,089.44	7,395.12
Traded Goods ( including goods in transit ₹ 165.47 (2016 - ₹ 253.66 ; 2015 - ₹ 322.89)	3,437.89	3,154.31	4,113.09
Sales Promotions Items	392.06	242.65	294.61
Stores, Operating supplies and spare parts	441.07	439.85	401.88
	<b>19,637.23</b>	<b>18,508.15</b>	<b>18,814.97</b>

Inventories are net of provision of ₹ 1,164.97 (2016 - ₹ 799.28, 2015 - ₹ 1,128.98) on account of damage and slow moving inventories.

### NOTE 12. Investments

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(Investment at fair value through profit and loss)			
Axis Banking Debt Fund - Growth			
Nil (2016 - Nil, 2015 - 133,859.97) units of ₹ Nil (2016 - ₹ Nil, 2015 - ₹ 1,000) each	-	-	1,718.53
Axis Liquid Fund - Growth			
38,946.29 (2016 - 190,885.67 ; 2015 - Nil) units of ₹ 1,000 (2016 - ₹ 1,000 ; 2015 - ₹ Nil) each	702.29	3,205.79	-
Axis Short Term Fund			
Nil (2016 - Nil ; 2015 - 3,298,544.68) units of ₹ Nil (2016 - ₹ Nil ; 2015 - ₹ 10) each	-	-	507.67
Axis Treasury Advantage Fund - Growth			
38,231.93 (2015 - Nil; 2015 - 265,018.71) units of ₹ 1,000 (2016 - ₹ Nil; 2015 - ₹ 1,000) each	705.80	-	4,150.17
HDFC Gilt Fund Long Term Plan - Direct Plan - Growth			
Nil (2016 - Nil ; 2015 - 5,672,438.54) units of ₹ Nil (2016 - ₹ Nil ; 2015 - ₹ 10) each	-	-	1,624.96
HDFC High Interest Fund - Dynamic Plan			
Nil (2016 - Nil ; 2015 - 815,281.64) units of ₹ Nil (2016 - ₹ Nil ; 2015 - ₹ 10) each	-	-	400.37
ICICI Prudential STP - Growth			
Nil (2016 - Nil ; 2015 - 1,785,912.01) units of ₹ Nil (2016 - Nil ; 2015 - ₹ 10) each	-	-	511.30
ICICI Prudential Ultra Short Term Plan - Dir - Gr			
Nil (2016 - Nil ; 2015 - 11,475,961.45) units of ₹ Nil (2016 - ₹ Nil ; 2015 - ₹ 10) each	-	-	1,642.76
Indiabulls Ultra Short Term Fund			
Nil (2016 - 77,179.60 ; 2015 - 115,556.48) units of ₹ Nil (2016 - ₹ 1,000 ; 2015 - ₹ 1,000) each	-	1,140.52	1,561.03

## Notes to the consolidated financial statements (contd.)

### NOTE 12. Investments (contd.)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Reliance Short Term Fund			
Nil (2016 - Nil ; 2015 - 5,143,139.64) units of ₹ Nil (2016 - ₹ Nil ; 2015 - ₹ 10) each	-	-	1,365.59
Religare Invesco Short Term Fund			
Nil (2016 - Nil ; 2015 - 53,149.72) units of ₹ Nil (2016 - ₹ Nil ; 2015 - ₹ 1,000) each	-	-	1,013.36
Religare Invesco Ultra Short Term Fund - Direct Plan			
Nil (2016 - Nil ; 2015 - 51,584.63) units of ₹ Nil (2016 - ₹ Nil ; 2015 - ₹ 1,000) each	-	-	1,001.48
Taurus Short Term Income Fund			
Nil (2016 - Nil ; 2015 - 20,401.56) units of ₹ Nil (2016 - ₹ Nil ; 2015 - ₹ 1,000) each	-	-	501.45
Taurus Ultra Short Term Bond Fund Super Institution			
Nil (2016 - 16,293.48 ; 2015 - 41,593.42) units of ₹ Nil (2016 - ₹ 1,000 ; 2015 - ₹ 1,000) each	-	300.25	701.66
Axis Treasury Advantage Fund - Direct Growth			
Nil (2016 - Nil ; 2015 - 1,465.71) units of ₹ Nil (2016 - ₹ Nil ; 2015 - ₹ 1,498.89) each	-	-	22.95
Religare Invesco Credit Opportunities Fund - Growth (CO-IG)			
Nil (2016 - Nil ; 2015 - 46,678.22) units of ₹ Nil (2016 - ₹ Nil ; 2015 - ₹ 1,563.19) each	-	-	743.56
TSTG Tata Short Term Bond Fund Plan A - Growth			
1,953,407.32 (2016 - 1,953,407.32 ; 2015 - 1,953,407.32) units of ₹ 25.59 (2016 - ₹ 25.59 ; 2015 - ₹ 25.59) each	597.13	550.10	509.91
HDFC High Interest Fund - Dynamic Plan - Growth			
1,037,150.73 (2016 - 1,037,150.73 ; 2015 - 1,037,150.73) units of ₹ 48.20 (2016 - ₹ 48.20 ; 2015 - ₹ 48.20) each	587.35	528.85	500.09
Franklin India Low Duration Fund - Growth			
Nil (2016 - Nil ; 2015 - 6,645,622.19) units of ₹ Nil (2016 - ₹ Nil ; 2015 - ₹ 15.04) each	-	-	1,020.73
Kotak Low Duration Fund			
12,744.69 (2016 - 99,822.06 ; 2015 - Nil) units of ₹ 1,982.48 (2016 - ₹ 1,000 ; 2015 - ₹ Nil) each	253.26	1,835.99	-
Taurus Dynamic Income Fund - Growth Option			
Nil (2016 - 68,32,489.19 ; 2015 - Nil) units of ₹ Nil (2016 - ₹ 10 ; 2015 - ₹ Nil) each	-	1,027.65	-
	2,845.83	8,589.15	19,497.57

For determination of fair values, refer Note 49

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 13

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>13.(a) Cash and cash equivalents</b>						
Cash in hand	-	-	-	28.73	37.83	43.75
Balance with banks						
- Current account	-	-	-	3,498.64	1,764.96	2,477.97
- Deposit account	-	-	-	377.80	425.32	-
(Original maturity of less than three months)						
Unclaimed dividend accounts	-	-	-	106.49	139.28	53.34
	-	-	-	4,011.66	2,367.39	2,575.06
<b>13 (b) Other bank balances</b>						
Deposit account	-	-	-	145.62	273.63	572.03
(Original maturity of more than three months)						
Deposits with original maturity for more than 12 months*	516.03	93.87	250.93	6,186.80	3,745.69	4,523.70
Amount disclosed under 'Other financial assets' ( Note 8)	(516.03)	(93.87)	(250.93)	-	(266.88)	(207.04)
	-	-	-	6,332.42	3,752.44	4,888.69
	-	-	-	10,344.08	6,119.83	7,463.75

\* Includes deposits provided as securities against bank guarantees and debenture redemption reserves ₹ 3,199.13 ( 2016 - ₹ 3,076.99 ; 2015 - ₹ 2,847.17)

(₹ in Lacs)

### NOTE 14. Share Capital

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Authorised capital</b>			
2,720,000,000 (2016 - 2,570,000,000 , 2015 - 2,570,000,000) equity shares of Re. 1 (2016 -Re. 1 , 2015 - Re. 1) each	27,200.00	25,700.00	25,700.00
30,000 (2016 -Nil , 2015 -Nil) 11% cumulative preference shares of ₹ 100 (2016 - ₹ Nil, 2015 - ₹ Nil) each	30.00	-	-
	27,230.00	25,700.00	25,700.00

#### Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of 1 Re per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### Issued Equity Capital

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

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No.	Amount	No.	Amount	No.	Amount
At the beginning of the period	18,11,19,680	1,811.20	18,10,23,496	1,810.23	18,10,23,496	1,810.23
Issued during the year (Note 40)	5,64,044	5.64	96,184	0.97	-	-
Outstanding at the end of the period	18,16,83,724	1,816.84	18,11,19,680	1,811.20	18,10,23,496	1,810.23

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

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No.	% Holding in the class	No.	% Holding in the class	No.	% Holding in the class
Equity shares of Re 1 each fully paid						
M. P. Ramachandran	7,01,36,948	38.60%	7,21,12,060	39.81%	7,21,12,060	39.84%
Sahyadri Agencies Limited	1,50,00,000	8.26%	1,50,00,000	8.28%	1,50,00,000	8.29%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

#### c. Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	As at March 31, 2017	At at March 31, 2016	At at April 1, 2015
Equity shares allotted as fully paid bonus shares by capitalization of securities premium (FY 2013 - 2014)	23,79,748	23,79,748	23,79,748
Equity shares issued for consideration other than cash pursuant to scheme of amalgamation with erstwhile Jyothy Consumer Products Limited (JCPL) (FY 2013 - 2014)	23,79,748	23,79,748	23,79,748
	47,59,496	47,59,496	47,59,496

In addition the company has issued 564,044 shares (2016 - 96,184 ; 2015 - Nil) during the period of five years immediately preceding the reporting date on exercise of option granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

#### d. Share received for issue under option

For details of shares reserved for issue under the employee stock option plan (ESOP) of the company, please refer Note 40

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 15. Distribution made and Proposed

	As at March 31, 2017	As at March 31, 2016
<b>Cash dividend on equity shares declared and paid :</b>		
Final dividend for the year ended March 31, 2016 Re 1 per share, ( 2015 - ₹ 4 per share)	1,811.20	7,240.94
Dividend distribution tax on final dividend	368.72	1,474.08
Interim dividend for the year ended March 31, 2016 ₹ 4 per share, ( 2016 - ₹ Nil )	-	7,244.79
Dividend distribution tax on interim dividend	-	1,474.87
	<b>2,179.92</b>	<b>17,434.68</b>
<b>Proposed dividends on equity shares :</b>		
Final dividend for the year ended March 31, 2017 ₹ 6 per share, ( 2016 Re 1 per share)	10,901.02	1,811.20
Divident distribution tax on final dividend	2,219.19	368.72
	<b>13,120.21</b>	<b>2,179.92</b>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as as liability ( including DDT thereon ) as at March 31.

### FINANCIAL LIABILITIES

### NOTE 16. Borrowings

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Term loans from Bank (Secured ) (Note 1 below)	727.44	902.44	1,077.44	-	-	-
Secured Redeemable Zero Coupon Non Convertible Debentures						
Nil (2016 - 4,000 ; 2015 - 4,000) Debentures of ₹ Nil (2016 - ₹ 10,00,000 ; 2015 - ₹ 10,00,000) each (Note 2 below)	-	40,000.00	40,000.00	-	-	-
Secured Redeemable Non Convertible Debentures						
4,000 (2016 - Nil ; 2015 - Nil) Debentures of ₹10,00,000 (2016 - ₹ Nil ; 2015 - ₹ Nil) each (Note 3 below)	40,000.00	-	-	-	-	-
9.65% Secured Redeemable Non Convertible Debentures						
Nil (2016 - Nil ; 2015 - 650) Debentures of ₹ Nil (2016 - ₹ Nil ; 2015 - ₹ 10,00,000) each	-	-	6,500.00	-	-	-

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 16. Borrowings (contd.)

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
10.25% Secured Redeemable Non Convertible Debentures						
Nil (2016 - Nil ; 2015 - 500)	-	-	5,000.00	-	-	-
Debentures of ₹ Nil (2016 - ₹ Nil ; 2015 - ₹ 10,00,000) each						
Secured Zero Coupon Non Convertible Debentures						
400 (2016 - 400 ; 2015 - 400) Debentures of ₹ 10,00,000 (2016 - ₹ 10,00,000 ; 2015 - ₹ 10,00,000) each (Note 4 below)	4,000.00	4,000.00	4,000.00	-	-	-
Deferred Payment Liability (Unsecured) (Note 5 below)	180.00	180.00	360.00	-	-	-
Commercial Paper (Unsecured) (Note 6 below)	-	-	-	4,919.04	-	-
Amount disclosed under 'Other Financial Liabilities' (Note 17)	(44,355.00)	(44,355.00)	(12,035.00)	-	-	-
	<b>552.44</b>	<b>727.44</b>	<b>44,902.44</b>	<b>4,919.04</b>	<b>-</b>	<b>-</b>

#### Details of loan:

- 1) Term loan of ₹727.44 ( 2016 - ₹902.44 ; 2015 - ₹1,077.44) from bank has been taken in financial year 2012-13. The loan is repayable in 32 quarterly instalments beginning from August 2013. The loan is secured by exclusive first charge on the entire fixed assets and current assets of the JFSL-JLL (JV) and further secured by corporate guarantee given by the company.
- 2) 4,000 Zero coupon non convertible redeemable debentures of ₹ 10,00,000 each has been repaid in current year.
- 3) During the year Company has issued 4,000 unlisted, non-convertible debentures of ₹10 lacs each aggregating to ₹ 40,000. These debentures carry a interest of 7.2% p.a upto March 31, 2017, 7.5% p.a from April 1, 2017 to November 30, 2017 and 8% p.a from December 1, 2017 to November 9, 2018. 50% of the debenture amount is repayable at par at the end of the 14th month from the date of allotment, while the balance 50% is repayable at par at the end of 23rd month from the date of allotment. The debenture terms give call option / put option to the issuer / holder, the exercise price being at par. However, these are embedded derivative which are closely related to the host contract and accordingly under IND AS 109, they have not been separately accounted for. These debentures are secured by negative lien on fixed assets of the Company and do not carry any debt covenant.
- 4) 400 Secured Zero Coupon Non Convertible Debentures of ₹ 10,00,000 each - Redeemable at a premium of ₹ 340,455 per debenture after 3 years from the date of allotment i.e. January 12, 2015. The Debentures are unsecured and covered by corporate guarantee given by the Company.
- 5) Deferred payment liability represent amount payable under the memorandum of understanding (MOU) entered into with the DRDE/DRDO of the Ministry Of Defence, Government of India for transfer of technology for certain products. These are due for payment as per the Agreement.
- 6) Commercial Paper carries interest rate of 6.75 % and is repayable on June 28, 2017

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 17. Other financial liabilities

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Interest accrued but not due on loans	-	-	6,221.35	1,904.22	11,810.95	388.05
Security deposits	-	-	-	40.09	33.65	63.09
Unclaimed dividend *	-	-	-	106.49	139.28	53.34
Creditors for capital goods	-	-	75.81	19.10	98.39	186.27
Current maturities of Long Term Borrowings (Note 16)#	-	-	-	44,355.00	44,355.00	12,035.00
	-	-	6,297.16	46,424.90	56,437.27	12,725.75

\* There are no amounts payable / due to be credited to Investor Education and Protection Fund.

# Refer Note 15 above. As the holder of debentures have a put option at the end of 12 months from the date of allotment i.e December 9, 2016 and on the last day of every calendar month thereafter, the entire amount of debentures have been disclosed as current maturities in the current year.

#### Break up of financial liabilities carried at amortised cost

Borrowing (Note 16)	552.44	727.44	44,902.44	4,919.04	-	-
Other financial liabilities (Note 17)	-	-	6,297.16	46,424.90	56,437.27	12,725.75
Trade payable (Note 20)	-	-	-	14,898.05	16,115.14	13,246.79
<b>Total financial liabilities carried at amortised cost</b>	<b>552.44</b>	<b>727.44</b>	<b>51,199.60</b>	<b>66,241.99</b>	<b>72,552.41</b>	<b>25,972.54</b>

### NOTE 18. Provisions

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Provision for employee benefits</b>						
Provision for leave encashment	-	-	-	1,009.75	830.90	797.74
Provision for gratuity (Note 33)	2,296.08	1,776.65	1,370.42	29.43	13.47	10.45
	2,296.08	1,776.65	1,370.42	1,039.18	844.37	808.19
Other provisions#	-	-	-	2,179.76	2,179.76	2,184.32
	2,296.08	1,776.65	1,370.42	3,218.94	3,024.13	2,992.51

Particulars	March 31, 2017	March 31, 2016
<b># Movement in other provisions</b>		
As at 1st April	2,179.76	2,184.32
Arising during the year	300.00	-
Reversal during the year	(300.00)	(4.56)
As at 31st March	2,179.76	2,179.76



## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 19. Deferred tax liabilities/ (assets) (net)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>a) Deferred tax liability</b>			
Depreciation	6,207.67	6,016.66	5,642.80
Freehold Land	351.29	353.64	356.76
Fair value adjustments	69.55	80.70	100.73
(A)	<b>6,628.51</b>	<b>6,451.00</b>	<b>6,100.29</b>
<b>b) Deferred tax assets</b>			
Provision for gratuity	797.95	610.35	468.58
Provision for leave encashment	346.17	280.44	269.73
Provision for doubtful debts	406.42	113.44	113.45
Provision for doubtful advances	652.49	537.97	567.62
Other provisions	752.93	568.27	568.27
Other disallowances	74.79	94.73	96.68
On carry forward loss and unabsorbed depreciation *	2,905.80	152.92	5,363.71
(B)	<b>5,936.55</b>	<b>2,358.12</b>	<b>7,448.04</b>
<b>Deferred tax liabilities/ (assets) (net)</b>	<b>(A-B)</b>	<b>4,092.88</b>	<b>(1,347.75)</b>

\* Refer Note 53 on merger of JCPML. From the effective date of the merger, the conditions of reasonable certainty for utilisation of unused tax losses of JCPML are met in accordance with the Ind AS 12 Income Taxes and accordingly the Company has recognised deferred tax assets on these losses.

### NOTE 20. Trade payables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total outstanding dues of micro enterprises and small enterprises (refer note 47 for details of dues to micro and small enterprises)	2,794.55	4,718.54	3,742.80
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,407.85	5,590.95	4,257.19
Accrual for expenses	5,695.65	5,805.65	5,246.80
	<b>14,898.05</b>	<b>16,115.14</b>	<b>13,246.79</b>

Terms and conditions of financial liabilities:

- 1) Trade payables are non-interest bearing and are normally settled on 30-60 days term.
- 2) Other payable are non interest bearing and are settled within a year.
- 3) Interest payable is settled as per the term of borrowings.

For explanation on the Group's credit risk management processes, refer Note 51.

### NOTE 21. Tax liabilities (net)

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for income tax (net of advance tax of ₹3,131.28 (2016 ₹ 3,777.52, 2015 ₹ 2,700.12))	-	-	-	299.01	534.48	374.88
	-	-	-	<b>299.01</b>	<b>534.48</b>	<b>374.88</b>

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 22. Other liabilities

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Statutory Dues	-	-	-	2,081.42	1,952.29	1,696.04
Advances from customers	-	-	-	369.80	614.28	212.43
Advances towards assets held for sale	-	-	-	20.00	20.00	95.84
Provision for sales promotion schemes	-	-	-	1,993.97	1,780.44	1,018.70
	-	-	-	4,465.19	4,367.01	3,023.01

### NOTE 23. Revenue from operations

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Sale of goods (including excise duty)	1,70,321.53	1,61,462.09
Sale of Services	4,414.01	4,305.94
<b>Other Operating Income</b>		
Export incentives	37.31	22.10
Agricultural Income	6.92	6.05
Sale of scrap	32.83	35.04
Others	105.89	120.20
	1,74,918.49	1,65,951.42

Sale of goods includes excise duty collected from customer of ₹6,453.30 ( March 31,2016 - ₹5,965.53). Sale of goods net of excise duty is ₹163,868.23 ( March 31, 2016 - ₹155,496.56).

### NOTE 24. Other Income

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Lease rent income	5.37	8.52
Profit on sale of fixed assets	7.38	48.90
Foreign exchange fluctuation gain (net)	58.54	14.47
Profit on sale of current investments	125.92	638.78
Gain on financial assets fair valued through profit or loss	109.48	245.15
Miscellaneous income	43.95	38.54
	350.64	994.36

### NOTE 25. Finance income

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Interest on fixed deposit	650.68	426.39
Interest on Others	67.03	10.50
	717.71	436.89

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 26. Cost of Raw Materials and Components consumed

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Inventory at the beginning of the year	5,034.18	5,238.99
Add: Purchases	52,792.87	49,458.10
	<b>57,827.05</b>	<b>54,697.09</b>
Less: Inventory at the end of the year	5,402.51	5,034.18
	<b>52,424.54</b>	<b>49,662.91</b>

### NOTE 27. (Increase)/decrease in inventories of finished goods, work-in- progress and traded goods

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>Closing Inventory</b>		
Finished goods	8,438.11	8,089.44
Traded Goods	3,437.89	3,154.31
Work in progress	1,525.59	1,547.72
	<b>13,401.59</b>	<b>12,791.47</b>
<b>Opening inventory</b>		
Finished goods	8,089.44	7,395.12
Traded Goods	3,154.31	4,113.09
Work in progress	1,547.72	1,371.28
	<b>12,791.47</b>	<b>12,879.49</b>
Sub-total (A)	<b>(610.12)</b>	<b>88.02</b>
<b>(Increase)/decrease in excise duty</b>		
Excise duty on closing inventory	180.39	175.78
Excise duty on opening inventory	175.78	148.50
Sub-total (B)	<b>(4.61)</b>	<b>(27.28)</b>
Total (A+B)	<b>(605.51)</b>	<b>115.30</b>

### NOTE 28. Employee benefits expense

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>Employee benefits expenses</b>		
Salaries, wages and bonus	13,870.05	12,609.16
Contribution to provident and other funds	1,007.72	973.35
Gratuity (Note 33)	364.29	310.70
Staff welfare expenses	704.37	702.24
Directors' remuneration (Note 35)	1,067.00	1,509.97
Field staff incentives	275.00	370.57
Sub-total (A)	<b>17,288.43</b>	<b>16,475.99</b>
Employee stock option expenses (Note 40)	236.30	1,627.83
Sub-total (B)	<b>236.30</b>	<b>1,627.83</b>
Total (A+B)	<b>17,524.73</b>	<b>18,103.82</b>

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 29. Depreciation and amortization expense

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Depreciation on tangible assets	2,893.32	3,044.64
Amortization of intangible assets	112.23	95.51
	<b>3,005.55</b>	<b>3,140.15</b>

### NOTE 30. Finance Cost

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Interest on term loan and bank overdraft	794.84	126.75
Redemption premium / Interest accrued on debentures	4,724.38	6,028.70
Other borrowing cost	127.43	28.45
	<b>5,646.65</b>	<b>6,183.90</b>

### NOTE 31. Other expenses

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Conversion charges	996.33	863.74
Power and fuel expenses	2,700.47	2,650.32
Rent	2,184.91	2,097.81
Insurance	127.71	102.88
Repairs and maintenance		
- Building	99.07	124.23
- Plant and machinery	291.55	293.10
- Others	285.78	274.40
Consumption of stores and spares	635.28	733.15
Research and development	109.99	150.35
Printing and stationery	78.18	98.33
Communication costs	342.21	349.93
Legal and professional fees (Note 44)	1,280.52	1,231.46
Rates and taxes	629.62	630.20
Directors' sitting fees	5.85	7.70
Vehicle maintenance	363.23	344.12
Donation	6.18	6.61
Loss on fixed assets discarded / sold	87.60	115.08
Provision for doubtful debts	-	23.91
Bad debt written off	35.53	-
Provision for doubtful advances	55.00	70.00
Advertisement and Sales Promotion expense	11,852.61	11,795.34
Freight, handling and forwarding charges	10,088.97	9,580.79
Field staff expenses	1,498.76	1,411.41
Travelling and conveyance	522.19	410.31
Loss on sale of asset held for sale	18.20	-
Royalty	287.94	288.33
Corporate social responsibility expenses (Note 36)	244.43	234.84
Miscellaneous expenses	1,085.72	1,477.12
	<b>35,913.83</b>	<b>35,365.46</b>

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 32. Income tax

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are :		
<b>a. Profit or loss section</b>		
<b>Income tax expense</b>		
Current tax (MAT)	3,435.30	4,304.60
Less: MAT credit entitlement	(3,430.96)	(2,850.25)
<b>Current income tax expense</b>	<b>4.34</b>	<b>1,454.35</b>
Adjustment of tax relating to earlier periods	785.27	-
Deferred tax relating to origination and reversal of temporary differences	(3,339.80)	5,474.27
	<b>(2,550.19)</b>	<b>6,928.62</b>
<b>b. OCI Section</b>		
<b>Deferred tax related to items recognised in OCI during the year :</b>		
Net loss /(gain) on remeasurements of defined benefit plans	61.12	33.64
	<b>61.12</b>	<b>33.64</b>
<b>c. Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate</b>		
Accounting profit before tax	17,865.07	14,310.61
Tax rate	34.608%	34.608%
Tax at statutory rate	6,182.74	4,952.62
Less:		
Deferred tax assets created pursuant to merger of JCPML ( note 53)	(9,579.80)	-
Tax benefits under Section 80IB/80IC/80IE of the Income Tax Act, 1961	(371.97)	(847.81)
CSR Expense disallowed	84.59	81.27
Tax benefit no longer available	785.27	1,003.63
Non deductible tax loss of subsidiaries	500.25	1,869.91
Others	(151.27)	(131.00)
<b>Adjusted tax expense</b>	<b>(2,550.19)</b>	<b>6,928.62</b>
<b>Tax expense</b>	<b>(2,550.19)</b>	<b>6,928.62</b>
<b>d. Reconciliation of deferred tax liabilities / (assets) net</b>		
Opening balance as of 1st April	4,092.88	(1,347.75)
Tax (income) / expense during the year recognised in profit or loss	(3,339.80)	5,474.27
Tax (income) / expense during the year recognised in OCI	(61.12)	(33.64)
Closing balance as at 31st March	<b>691.96</b>	<b>4,092.88</b>

### e. Unrecognised deferred tax assets

As at March 31, 2017 the Company does not have any unrecognised deferred tax assets. As at March 31, 2016 and April 1, 2015, unrecognised deferred tax assets amounted to Rs 9,190.37 and Rs 10,283.04 respectively, on unused carry forward losses of JCPML. Pursuant to merger of JCPML, in the current year, the conditions of reasonable certainty for utilisation of unused losses as per IND-AS 12- 'Income taxes' are met on the effective date of the merger and accordingly, the deferred tax assets have been recognised.

Deferred tax assets have not been recognised in respect of losses in other subsidiaries as they cannot be used to offset taxable profits else where in the group and there are no other tax planning opportunities or other evidence of recoverability in the near future.

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

These unrecognised deferred tax assets of these subsidiaries as at the reporting dates are as given below:-

	Mar-17		Mar-16		Mar-15	
	Gross Amount	Tax	Gross Amount	Tax	Gross Amount	Tax
Tax Losses	13,620.23	4,713.70	12,290.31	4,253.44	10,203.13	3,531.10

### Breakup of Tax losses

	As at 31 March 2017		Expiry Date (Assessment Year)	As at 31 March 2016		Expiry Date	As at 31 March 2015		Expiry Date (Assessment Year)
	Gross amount	Unrecognised Tax effect		Gross amount	Unrecognised Tax effect		Gross amount	Unrecognised Tax effect	
Brought forward losses (allowed to carry forward for specific period )	552.36	191.16	2018-19	305.62	105.77	2017-18	305.62	105.77	2017-18
Brought forward losses (allowed to carry forward for specific period )	1,105.16	382.47	2019-20	552.36	191.16	2018-19	552.36	191.16	2018-19
Brought forward losses (allowed to carry forward for specific period )	1,924.75	666.12	2020-21	1,105.16	382.47	2019-20	1,105.16	382.47	2019-20
Brought forward losses (allowed to carry forward for specific period )	2,036.75	704.88	2021-22	1,924.75	666.12	2020-21	1,924.75	666.12	2020-21
Brought forward losses (allowed to carry forward for specific period )	2,264.44	783.68	2022-23	2,036.75	704.88	2021-22	2,036.75	704.88	2021-22
Brought forward losses (allowed to carry forward for specific period )	1,701.24	588.77	2023-24	2,264.44	783.68	2022-23	2,264.44	783.68	2022-23
Brought forward losses (allowed to carry forward for specific period )	1,060.00	366.85	2024-25	1,701.24	588.77	2023-24	-	-	
Brought forward losses (allowed to carry forward for infinite period )	2,975.53	1,029.77		2,399.99	830.59		2,014.05	697.02	
	13,620.23	4,713.70		12,290.31	4,253.44		10,203.13	3,531.10	

The above information is upto the last return of income filed by the subsidiaries.

Further, as at 31st March 2017, there was no recognised deferred tax liability (2016 - ₹ Nil, 2015 - ₹ Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Group has determined that undistributed profits of the subsidiaries will not be distributed in the foreseeable future.

### NOTE 33. Gratuity

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India(LIC). Every year the Group makes contribution to fund determined based on actuarial valuation done by LIC.

The following tables summarise the components of net benefit expense recognised in the Consolidated Statement profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

	March 31, 2017 Gratuity	March 31, 2016 Gratuity
	Funded, except for certain subsidiaries where it is non funded	
(A) Summary of the Actuarial Assumptions		
Mortality	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Discount rate	6.9% - 7.1%	7.80%
Rate of increase in compensation	8.00%	8.00%
Withdrawal rates	10% - 15%	10%
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	2,161.26	2,025.17
Interest cost	168.46	158.51
Current Service Cost	224.77	202.24
Benefits Paid	(71.41)	(338.04)
Remeasurement gains/(losses) arising from changes in demographic assumptions	(5.12)	(2.92)
Remeasurement gains/(losses) arising from changes in financial assumptions	121.98	3.87
Experience adjustments	53.58	112.43
PVO at end of period	2,653.52	2,161.26
(C) Changes in fair value of plan assets		
Fair value of plan assets at the beginning of period	371.14	644.30
Investment Income	28.93	47.11
Contributions	-	7.99
Benefit paid	(58.13)	(307.42)
Return on plan assets	(13.93)	(20.84)
Fair value of plan assets at end of period	328.01	371.14
(D) Expenses recognised in the statement of profit and loss		
Current service cost	224.77	202.24
Net Interest cost on the Net Defined Benefit Liability / (Asset)	139.52	108.46
Expense recognised in the statement of profit and loss	364.29	310.70
(E) Remeasurement gains/(losses) in other comprehensive income		
Return on plan assets	13.93	20.84
Remeasurement gains/(losses) arising from changes in demographic assumptions	(5.12)	(2.92)
Remeasurement gains/(losses) arising from changes in financial assumptions	121.98	3.87
Experience adjustments	53.58	112.43
Total amount recognised in OCI	184.37	134.22
(F) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Investment with insurer	100.00%	100.00%



## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

	March 31, 2017	March 31, 2016	April 1, 2015
<b>(G) Net Assets/(Liabilities) recognised in the balance sheet</b>			
PVO at end of period	(2,653.52)	(2,161.26)	(2,025.17)
Fair value of plan assets at end of period	328.01	371.14	644.30
Funded status (deficit in fair value of plan assets over PVO)	(2,325.51)	(1,790.12)	(1,380.87)
Net assets / (Liability) recognised in the balance sheet	(2,325.51)	(1,790.12)	(1,380.87)

### (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:

	March 31, 2017	March 31, 2016
Defined Benefit Obligation (Base)	2,653.52	2,161.26

	March 31, 2017		March 31, 2016	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	2,837.38	2,489.30	2,313.80	2,025.26
(% change compared to base due to sensitivity)	6.93%	-6.19%	7.06%	-6.29%
Salary Growth Rate (- / + 1%)	2,506.98	2,810.76	2,038.49	2,293.61
(% change compared to base due to sensitivity)	-5.52%	5.93%	-5.68%	6.12%
Attrition Rate (- / + 50% of attrition rates)	2,684.62	2,632.90	2,153.76	2,163.41
(% change compared to base due to sensitivity)	1.17%	-0.78%	-0.35%	0.10%
Mortality Rate (- / + 10% of mortality rates)	2,653.53	2,653.53	2,161.10	2,161.43
(% change compared to base due to sensitivity)	0.00%	0.00%	-0.01%	0.01%

### (I) Asset Liability Matching Strategies

The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

### (J) Effect of Plan on Entity's Future Cash Flows

#### a) Funding arrangements and Funding Policy

The Group has purchased an insurance policy to 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 Group. Any deficit in the assets arising as a result of such valuation is funded by the Group.

#### b) Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cashflows)	7 years
Expected cash flows over the next (valued on undiscounted basis)	Amount
1 year	382.38
2 to 5 years	1,197.40
6 to 10 years	1,211.52
More than 10 years	1,831.14

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 34. Segment Reporting

Based on the "management approach" as defined in Ind AS 108 - 'Operating Segments', the Chief Operating Decision Maker evaluates the Groups performance and allocate resources based on an analysis of various performance indicators by business segments and segment information is presented accordingly as follows :

1. Dishwashing includes dish wash scrubber and scrubber steel, dish wash bar, liquid and powder.
2. Fabric Care includes fabric whitener, fabric enhancer, bar soap and detergent powder.
3. Household Insecticides includes mosquito repellent coil, liquid and card and insect repellents.
4. Personal Care includes body soap, face wash, toothpaste, deodorants, talcum powder, after shave and moisturiser.
5. Laundry services includes drycleaning and laundry.
6. Others includes incense sticks and floor shine.

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets. Assets at corporate level are not allocable to segments on a reasonable basis and thus the same have not been allocated. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liability.

Goodwill identifiable to operating segments are included in segment assets. However, where goodwill relates to multiple operating segments and it is not practicable to allocate between segments, it is included in unallocated assets. Finance cost, finance income and fair value gains and loss on financial assets are not allocated to any operating segments as the Group reviews the treasury and finance cost at the group level. Accordingly, borrowings are also considered in unallocated liabilities.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to segments as they are also managed on group basis.

Capital expenditure consists of addition of property, plant and equipment and intangible assets.

Transfer pricing between operating segments are on arm length basis in a manner similar to transaction with third parties.

Intersegment revenue are eliminated upon consolidation and reflected in the 'adjustment and eliminations' column. All other adjustment and eliminations are part of detailed reconciliation presented further below.

#### Year ended March 31, 2017

	Dishwashing	Fabric care	Household insecticides	Personal care	Laundry services	Other products	Total Operating segments	Adjustments and eliminations	Total segments
<b>Revenue</b>									
External revenue	50,891.18	73,776.58	26,118.57	15,954.89	4,413.01	3,581.31	1,74,735.54	-	1,74,735.54
Inter segment revenue	136.00	14.00	-	2.00	-	-	152.00	(152.00)	-
<b>Total revenue</b>	<b>51,027.18</b>	<b>73,790.58</b>	<b>26,118.57</b>	<b>15,956.89</b>	<b>4,413.01</b>	<b>3,581.31</b>	<b>1,74,887.54</b>	<b>(152.00)</b>	<b>1,74,735.54</b>
<b>Income/(Expenses)</b>									
Depreciation and amortisation	(178.26)	(1,333.05)	(399.01)	(158.16)	(575.60)	(5.73)	(2,649.81)	(355.74)	(3,005.55)
<b>Segment profit</b>	<b>6,467.30</b>	<b>15,420.76</b>	<b>406.72</b>	<b>3,024.20</b>	<b>(1,224.97)</b>	<b>165.81</b>	<b>24,259.82</b>	<b>(6,394.75)</b>	<b>17,865.07</b>
<b>Total assets</b>	<b>13,460.00</b>	<b>29,950.70</b>	<b>14,582.99</b>	<b>6,596.00</b>	<b>13,558.05</b>	<b>946.26</b>	<b>79,094.00</b>	<b>1,06,907.56</b>	<b>1,86,001.53</b>
<b>Total liabilities</b>	<b>5,717.66</b>	<b>9,024.92</b>	<b>5,718.30</b>	<b>3,217.20</b>	<b>738.20</b>	<b>280.12</b>	<b>24,696.40</b>	<b>53,069.21</b>	<b>77,765.58</b>
<b>Capital expenditure</b>	<b>1,860.43</b>	<b>1,857.84</b>	<b>753.20</b>	<b>1,070.00</b>	<b>139.56</b>	<b>33.43</b>	<b>5,714.46</b>	<b>(20.16)</b>	<b>5,694.30</b>

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### Year ended March 31, 2016

	Dishwashing	Fabric care	Household insecticides	Personal care	Laundry services	Other products	Total Operating segments	Adjustments and eliminations	Total segments
<b>Revenue</b>									
External revenue	47,669.00	68,297.98	27,822.00	14,749.29	4,295.00	2,934.76	1,65,768.03	-	1,65,768.03
Inter segment revenue	-	-	-	18.00	-	-	18.00	(18.00)	-
<b>Total revenue</b>	<b>47,669.00</b>	<b>68,297.98</b>	<b>27,822.00</b>	<b>14,767.29</b>	<b>4,295.00</b>	<b>2,934.76</b>	<b>1,65,786.03</b>	<b>(18.00)</b>	<b>1,65,768.03</b>
<b>Income/(Expenses)</b>									
Depreciation and amortisation	(168.89)	(1,331.13)	(361.76)	(133.66)	(783.35)	(6.35)	(2,785.14)	(355.01)	(3,140.15)
<b>Segment profit</b>	<b>5,539.04</b>	<b>12,951.42</b>	<b>1,014.52</b>	<b>2,733.33</b>	<b>(1,476.06)</b>	<b>83.55</b>	<b>20,845.80</b>	<b>(6,535.19)</b>	<b>14,310.61</b>
<b>Total assets</b>	<b>10,938.09</b>	<b>25,828.68</b>	<b>13,957.27</b>	<b>5,103.50</b>	<b>14,412.59</b>	<b>870.17</b>	<b>71,110.30</b>	<b>1,05,846.62</b>	<b>1,76,956.92</b>
<b>Total liabilities</b>	<b>5,901.97</b>	<b>8,560.42</b>	<b>6,638.68</b>	<b>3,275.33</b>	<b>720.00</b>	<b>202.83</b>	<b>25,299.22</b>	<b>61,775.78</b>	<b>87,075.00</b>
<b>Capital expenditure</b>	<b>100.37</b>	<b>933.36</b>	<b>301.91</b>	<b>218.50</b>	<b>75.37</b>	<b>25.93</b>	<b>1,655.44</b>	<b>929.95</b>	<b>2,585.39</b>

### Year ended March 31, 2015

	Dishwashing	Fabric care	Household insecticides	Personal care	Laundry services	Other products	Total Operating segments	Adjustments and eliminations	Total segments
<b>Total assets</b>	<b>8,649.14</b>	<b>26,723.60</b>	<b>12,204.15</b>	<b>4,069.31</b>	<b>15,008.39</b>	<b>778.56</b>	<b>67,433.15</b>	<b>1,15,879.91</b>	<b>1,83,313.06</b>
<b>Total liabilities</b>	<b>4,256.14</b>	<b>8,165.77</b>	<b>4,396.04</b>	<b>3,058.87</b>	<b>635.00</b>	<b>278.05</b>	<b>20,789.87</b>	<b>64,143.09</b>	<b>84,932.96</b>

### Reconciliations to amount reflected in the financial statements

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>(a) Reconciliation of profit</b>		
Segment profit	24,259.82	20,845.80
Finance Income (Note 25)	717.71	436.89
Other unallocable income	179.08	749.38
Gain on financial assets fair valued through profit or loss (Note 24)	109.48	245.15
Finance cost (Note 30)	(5,646.65)	(6,183.90)
Other unallocable expenses	(1,754.37)	(1,782.71)
<b>Profit before tax</b>	<b>17,865.07</b>	<b>14,310.61</b>

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>(b) Reconciliations of assets</b>			
Segment operating assets	79,094.00	71,110.30	67,433.15
Investment (Note 5 and 12)	2,848.42	8,591.74	19,500.50
Other financial assets (Note 8)	516.03	360.75	457.97
Income tax assets (net) (Note 9)	14,413.76	12,349.99	8,472.95
Deferred tax asset (net) (Note 19)	-	-	1,347.75
Cash and cash equivalent	9,713.09	5,460.95	7,037.96
Other unallocable assets	1,582.89	1,424.95	1,473.34
Tangible and Intangible assets	77,833.37	77,658.24	77,589.44
<b>Total assets</b>	<b>1,86,001.56</b>	<b>1,76,956.92</b>	<b>1,83,313.06</b>

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>c) Reconciliations of liabilities</b>			
Segment operating liabilities	24,696.40	25,299.22	20,789.87
Deferred tax liabilities (net) (Note 19)	691.96	4092.88	-
Borrowings	49,646.48	44,902.44	56,577.44
Tax liabilities (net) (Note 21)	299.01	534.48	374.88
Interest accrued but not due on loans (Note 17)	1,904.22	11,810.95	6,609.40
Other unallocable liabilities	527.54	435.03	581.37
<b>Total liabilities</b>	<b>77,765.61</b>	<b>87,075.00</b>	<b>84,932.96</b>

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>Revenue from external customers</b>		
India	1,70,204.30	1,61,577.66
Outside India	4,531.24	4,190.37
<b>Total revenue as per consolidated statement of profit or loss</b>	<b>1,74,735.54</b>	<b>1,65,768.03</b>

The revenue information above is based on the location of the customers.

Revenue from one customer amounted to ₹21,798.02 ( March 31, 2016 - ₹19,632.57), arising from sales in various segment.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non-current operating assets</b>			
India	1,10,458.46	1,07,361.59	1,08,744.34
Outside India	120.90	208.33	277.37
<b>Total</b>	<b>1,10,579.36</b>	<b>1,07,569.92</b>	<b>1,09,021.71</b>

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

### NOTE 35. Related Party Disclosures

#### a) Parties where control exists

##### Individual having control

M.P. Ramachandran Chairman and Managing Director

As the Managing Director of the Company is an individual having control and hence not separately disclosed as a key management personnel.

#### b) Related party relationships where transactions have taken place during the year

Firm / HUF in which the relatives of individual having control are partners / members / proprietor

Quilon Trading Co.

M.P. Divakaran - H.U.F.

M.P. Sidharthan - H.U.F.

##### Relative of individual having control

M.P. Sidharthan

M.R. Jyothy

M.R. Deepthi

Ananth Rao T

Ravi Razdan

M.P. Divakaran

## Notes to the consolidated financial statements (contd.)

Enterprises significantly influenced by key management personnel or their relatives

Sahyadri Agencies Ltd.

### Key management personnel

K. Ullas Kamath	Joint Managing Director & CFO
S. Raghunandan	Whole Time Director & CEO upto May 23, 2016
Rajnikant Sabnavis	Chief Operating Officer from May 23, 2016
Bipin R. Shah	Independent Director upto August 11, 2016
Nilesh B. Mehta	Independent Director
R. Lakshminarayanan	Independent Director
K. P. Padmakumar	Independent Director
M.R. Jyothy	Director

### Additional related party as per Companies Act, 2013.

M.L. Bansal	Company Secretary upto May 23, 2016
Shreyas Trivedi	Company Secretary from May 23, 2016

(₹ in Lacs)

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
<b>c) Transactions with related parties during the year</b>		
<b>M.P. Ramachandran</b>		
Remuneration*	Re.1 only	Re.1 only
Commission	358.83	421.04
Dividend	723.12	5,768.96
<b>Sahyadri Agencies Ltd.</b>		
Dividend	150.00	1,200.00
<b>Quilon Trading Company</b>		
Rent Paid	1.20	1.20
<b>M.P. Divakaran - H.U.F.</b>		
Dividend	19.04	152.32
<b>M.P. Sidharthan - H.U.F.</b>		
Dividend	13.20	105.60
<b>Relatives of individuals having control</b>		
Remuneration*		
M R Jyothy	131.76	102.48
M P Sidharthan	24.00	24.00
M R Deepthy	47.71	37.51
Ananth Rao T	57.12	45.03
Ravi Razdan	47.71	37.51
M. P. Divakaran	24.00	24.00
Dividend	290.94	2,327.52
<b>Key management personnel</b>		
Remuneration*#		
K. Ullas Kamath	227.25	201.60
S. Raghunandan	1,515.66	485.12
M.L. Bansal	9.71	41.97
Rajnikant Sabnavis	383.79	-
Shreyas Trivedi	58.38	-
Dividend		

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
K. Ullas Kamath	14.51	116.11
S. Raghunandan	-	15.63
<b>Contribution to Superannuation fund</b>		
K. Ullas Kamath	20.29	18.00
<b>Fee for attending board / committee meetings</b>		
Bipin R. Shah	0.60	1.35
Nilesh B. Mehta	1.55	1.75
R. Lakshminarayanan	1.05	0.85
K. P. Padmakumar	0.90	1.20
<b>Commission</b>		
K. Ullas Kamath	322.94	378.93
Bipin R. Shah	-	8.00
Nilesh B. Mehta	8.00	8.00
R. Lakshminarayanan	8.00	8.00
K. P. Padmakumar	8.00	8.00

\* As the future liabilities for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

# In the earlier years, Company had applied to the Central Government for approval of grant of ESOP's to a whole time director and CEO, as the value of the ESOP's granted were expected to be in excess of the eligible limits under the Companies Act, 1956. During the year, certain ESOP's have been exercised by the Director (452,558 shares issued) and as managerial remuneration includes perquisite value of ESOP's in the year it is exercised, the overall value of Managerial Remuneration for the current year is in excess of the limits to the extent of ₹783.64 lacs. Subsequent to the year end, the Company has received an approval from the Central Government for an amount that can be paid to the director for the three years ending May 2017, however, the said ESOP's have not been considered separately. The Company has now filed an application seeking approval of grant of ESOP's again. Pending such approval, the shares issued to the managerial person are held by him in trust as he continues to be the employee of the Company though no longer a Director. In case the revised application is not approved, the Company plans to recover the excess amount paid through balance stock options yet to be exercised by the said employee.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>d) Related party balances</b>			
<b>Amounts payable</b>			
Trade payables :			
<b>Individual having control</b>			
M.P. Ramachandran	358.83	421.04	312.69
<b>Key management personnel</b>			
K. Ullas Kamath	322.94	378.93	281.42
Bipin R. Shah	-	8.00	8.00
Nilesh B. Mehta	8.00	8.00	8.00
R. Lakshminarayanan	8.00	8.00	8.00
K. P. Padmakumar	8.00	8.00	8.00

### Terms and conditions of transactions with related parties

The Sales to / purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

**NOTE 36.** Expenditure related to corporate social responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII is as given below:

Particulars	April 1, 2016 to March 31, 2017			April 1, 2015 to March 31, 2016		
(a) Gross amount required to be spent during the year	294.10			195.30		
	In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
(b) Amount spend during the year : -						
Promoting preventing health care and sanitation	-	-	-	44.28	-	44.28
Contribution to various educational institutions	0.40	-	0.40	5.00	-	5.00
Rural/slum area development	53.32	-	53.32	185.56	-	185.56
Contribution to Mathrubhumi Mission Medical College	25.00	-	25.00	-	-	-
Imparting Skill Development Training	163.99	-	163.99	-	-	-
Others	1.72	-	1.72	-	-	-
<b>Total</b>	<b>244.43</b>	<b>-</b>	<b>244.43</b>	<b>234.84</b>	<b>-</b>	<b>234.84</b>

**NOTE 37.** Commitments and contingencies

**Operating leases**

**In case of assets taken on lease**

The Group has entered into Lease agreements for premises, which expire at various dates over the next five years. Certain agreements provide for increase in rent. Lease rental expense for the year ended March 31, 2017 was ₹2,184.91 (2016 - ₹2,097.81). There are no restrictions imposed by lease arrangements. There are no subleases.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Future lease payment under non - cancellable operating leases are as follows:</b>			
Payable not later than one year	299.79	329.50	167.93
Payable later than one year and not later than five years	831.08	718.09	57.54
Payable later than five years	-	104.51	-
	<b>1,130.87</b>	<b>1,152.10</b>	<b>225.47</b>

**In case of assets given on lease**

The Group has leased out few of its premises on operating lease. The gross carrying amount and accumulated depreciation as at March 31, 2017 is ₹ 178.06 and ₹ 22.83 (2016 - ₹178.06 and ₹ 11.44) respectively. Lease rent income for the year ended March 31, 2017 was ₹5.37 (2016 - ₹8.52). There is no escalation clause in the lease agreement and the lease is cancellable in nature. There are no restrictions imposed by lease arrangements.



## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 38. Contingent liabilities

In respect of the following, the Group has assessed that it is only possible, but not probable, that outflow of economic resources will be required :

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Tax matters			
(a) Disputed sales tax demands – matters under appeal	2,554.15	2,429.72	2,329.45
(b) Disputed excise duty and service tax demand - matter under appeal	5,034.60	4,059.59	3,103.15
(c) Disputed income tax demand - matter under appeal*	3,172.93	6,733.15	3,741.60
(ii) Other statutory dues	1.11	4.94	7.72
(iii) Claims against the Group not acknowledged as debts.	226.67	226.67	-

\* The amount shown above does not include contingent liability for assessment years which have been reopened (unless demand order is raised) and those pending assessments.

The above disclosure does not cover matters where the exposure has been assessed to be remote.

### NOTE 39. Capital commitments (net of advances)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	622.89	1,065.67	508.90
	622.89	1,065.67	508.90

### NOTE 40. Share-based payments

On August 16, 2014 the Remuneration and Compensation Committee of the Board of Directors of the Company approved the Employee Stock Option Scheme 2014 ("ESOS-2014") for issue of stock options to the key employees and Employee Stock Option Scheme 2014-A ("ESOS- 2014-A") for issue of stock options to Whole Time Director & CEO of the Company. According to the scheme, whole time Director and CEO and eligible employees selected by the Remuneration and Compensation Committee will be entitled to options from time to time, subject to satisfaction of prescribed vesting conditions. The relevant terms of the grant are as below :

Particulars	("ESOS -2014") Grant – I	("ESOS -2014") Grant – II	("ESOS -2014 - A")
Date of Grant	August 16, 2014	January 27, 2015	August 16, 2014
Number of options granted	5,03,445	34,507	27,15,352
Vesting period	33% - Year 1 33% - Year 2 34% - Year 3	33% - Year 1 33% - Year 2 34% - Year 3	66.67% - Year 1 16.67% - Year 2 16.66% - Year 3
Exercise period	5 years from the respective dates of vesting		
Exercise Price - Per share	₹1	₹ 1	₹ 1
Market price at grant date - Per share	₹188.70	₹289.80	₹188.70

The fair value of option granted is estimated at the grant date using Black Scholes valuation model, taking into account the term and conditions upon which the share options were granted.

## Notes to the consolidated financial statements (contd.)

### NOTE 40. Share-based payments (contd.)

The following table illustrates the number and movements in share options during the year :

Particulars	("ESOS -2014")	("ESOS -2014")	("ESOS -2014 - A")
	Grant – I	Grant – II	
Outstanding at April 1, 2015	4,50,451	34,507	27,15,352
Granted during 2015-16	-	-	-
Cancelled during 2015-16	87,970	34,507	4,52,559
Exercised during 2015-16	96,184	-	-
Outstanding at March 31, 2016	2,66,297	-	22,62,793
Exercisable at March 31, 2016	2,66,297	-	22,62,793
Outstanding at April 1, 2016	2,66,297	-	22,62,793
Granted during 2016-17	-	-	-
Cancelled during 2016-17	19,674	-	-
Exercised during 2016-17	1,11,486	-	4,52,558
Outstanding at March 31, 2017	1,35,137	-	18,10,235
Exercisable at March 31, 2017	1,35,137	-	18,10,235

For option exercised during the period, the weighted average share price at the exercise date was ₹324.38 per share (2016 - ₹297.94)

No new stock option have been granted by the company in the current year.

The following table list inputs to the models used for the year ended March 31, 2017 and March 31, 2016 :

Variables	("ESOS -2014")- Grant – I		
	Vest 1	Vest 2	Vest 3
	August 16, 2015	August 16, 2016	August 16, 2017
Volatility	36.19%	37.32%	40.33%
Riskfree Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Dividend yield	1.59%	1.59%	1.59%
Option fair Value vest wise of per stock option granted (₹)	177.75	174.99	172.27

Variables	("ESOS -2014 - A")		
	Vest 1	Vest 2	Vest 3
	August 16, 2015	August 16, 2016	August 16, 2017
Volatility	36.19%	37.32%	40.33%
Riskfree Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Dividend yield	1.59%	1.59%	1.59%
Option fair Value vest wise of per stock option granted (₹)	177.75	174.99	172.27

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

**NOTE 41.** Information required for consolidated financial statements pursuant to Schedule III of Companies Act, 2013

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

	31-Mar-17							
	Net Assets, i.e. Total Asset minus Total Liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated other comprehensive income	Amount	As % of Consolidated total comprehensive income	Amount
<b>Parent</b>								
Jyothy Laboratories Limited	90.73%	98,800.63	107.75%	21,995.80	93.71%	(115.50)	107.82%	21,880.30
<b>Subsidiaries</b>								
<b>Indian</b>								
Jyothy Fabricare Services Limited	7.47%	8,131.58	(5.73%)	(1,170.04)	4.74%	(5.85)	(5.79%)	(1,175.89)
Snoways Laundrers & Drycleaners Private Limited	0.17%	189.88	0.00%	(0.55)	-	-	0.00%	(0.55)
Four Seasons Drycleaning Company Private Limited	0.12%	134.06	(0.15%)	(29.68)	-	-	(0.15%)	(29.68)
M/s JFSL JLL JV (Partnership Firm)	0.30%	323.66	0.07%	14.72	-	-	0.07%	14.72
<b>Foreign</b>								
Jyothy Kallol Bangladesh Limited	0.60%	656.14	0.01%	2.37	(0.01%)	0.02	0.01%	2.39
<b>Non controlling interest</b>	0.61%	665.15	(1.95%)	(397.36)	1.56%	(1.92)	(1.97%)	(399.28)
<b>Grand Total</b>	<b>100.00%</b>	<b>1,08,901.10</b>	<b>100.00%</b>	<b>20,415.26</b>	<b>100.00%</b>	<b>(123.25)</b>	<b>100.00%</b>	<b>20,292.01</b>

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

	31-Mar-16							
	Net Assets, i.e. Total Asset minus Total Liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated other comprehensive income	Amount	As % of Consolidated total comprehensive income	Amount
<b>Parent</b>								
Jyothy Laboratories Limited	87.47%	78,856.75	123.94%	9,149.53	59.35%	(59.69)	124.84%	9,089.84
<b>Subsidiaries</b>								
<b>Indian</b>								
Jyothy Fabricare Services Limited	11.04%	9,956.57	(17.67%)	(1,304.52)	30.57%	(30.75)	(18.34%)	(1,335.27)
Snoways Laundrers & Drycleaners Private Limited	0.21%	190.43	(0.01%)	(0.55)	-	-	(0.01%)	(0.55)
Four Seasons Drycleaning Company Private Limited	(0.10%)	(99.89)	(0.52%)	(38.72)	-	-	(0.53%)	(38.72)
M/s JFSL JLL JV (Partnership Firm)	0.36%	321.35	(0.63%)	(46.85)	-	-	(0.64%)	(46.85)
<b>Foreign</b>								
Jyothy Kallol Bangladesh Limited	0.73%	656.71	0.66%	48.85	(0.01%)	0.01	0.67%	48.86
<b>Non controlling interest</b>	0.29%	265.87	(5.77%)	(425.75)	10.09%	(10.15)	(5.99%)	(435.90)
<b>Grand Total</b>	<b>100.00%</b>	<b>90,147.79</b>	<b>100.00%</b>	<b>7,381.99</b>	<b>100.00%</b>	<b>(100.58)</b>	<b>100.00%</b>	<b>7,281.41</b>

Net assets and share of profits and losses reported in the above table have been considered from the respective audited financial statements after making necessary changes for consolidation adjustments having impact on the consolidated net assets and net profits.

### NOTE 42

As per the Notification no. 32/99-CE dated July 8, 1999, the Company was entitled to refund of excise duty in Guwahati and Jammu units equivalent to 100% of the amount of the duty paid through Personal Ledger Account ('PLA'). During an earlier year, the Government issued notifications no. 17/2008-CE and 19/2008-CE dated March 27, 2008 restricting the refund amount to a maximum percentage specified in the notification. The Company has received a favourable order from the High Court of Guwahati & Jammu and Kashmir in earlier years. Accordingly, the Company has accrued an additional benefit of ₹ 958.87 (2016 - ₹ 940.48 ) in the current year.

### NOTE 43

The Company has entered into an option agreement dated May 5, 2011 with Henkel AG & Co. KGaA (Henkel AG) whereby the Company has granted Henkel AG a firm and irrevocable option, at its sole discretion at any time after the beginning of the fifth year and ending upon the expiry of the sixth year of the said agreement or such other mutually extended period, to acquire a maximum of 26% of the issued equity share capital of the Company at a price which will be mutually determined by the parties at a later date. The Board of Directors have vide their meeting held on March 31, 2017 extended this option upto October 31, 2017. The transaction will take place at the prevailing market price on the relevant date and accordingly the fair value of option is considered to be Nil.

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 44. Payment to auditors

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Payment to auditors (excluding service tax)		
As Auditors		
Audit fee	93.35	79.10
Tax audit fees	9.00	9.70
Limited review	26.40	26.00
In other capacity (Certification )	2.65	4.60
Reimbursement of expenses	5.43	5.35
Total	136.83	124.75

### NOTE 45

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as per MCA notification no G.S.R. 308 ('E) dated March 31st, 2017 is as provided in the table below:-

	SBNs	Other Denomination notes	Total
Closing cash in hand as on 08.11.2016	57.79	9.11	66.90
Add: Withdrawal from Bank accounts	-	41.35	41.35
Add: Permitted receipts	-	242.32	242.32
Less: Paid for Permitted payments	-	(41.97)	(41.97)
Less: Amount deposited in Banks	(57.79)	(205.46)	(263.25)
Closing cash in hand as on 30.12.2016	-	45.35	45.35

The above information has been determined on the basis of the information available with the Group.

### NOTE 46. Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Net Profit for calculation of basic and diluted EPS	20,415.26	7,381.99
Weighted average number of shares for calculation of basic EPS	18,14,06,238	18,10,77,764
Effect of dilution :		
Stock options outstanding	1,26,449	25,06,850
Weighted average number of shares for calculation of diluted EPS	18,15,32,687	18,35,84,614
Basic EPS (Rs)	11.24	4.08
Diluted EPS (Rs)	11.24	4.02

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 47. Micro, small and medium enterprises development Act, 2006 ( 'MSMED')

The disclosure pursuant to the said Act is as under :

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Principal amount due to suppliers under MSMED Act	2,794.55	4,718.54	3,742.80
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	7.08	4.97	4.05
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	7.08	4.97	4.05

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

### NOTE 48. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### Balance with government authorities and protest payment

The Group has significant receivable from government authorities in respect of protest payment made in earlier years towards Vat/Excise duty matters. The Company has received favourable orders from the Honourable Supreme Court / High Court in these matters and accordingly assessed that all the amounts are fully recoverable.

#### b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

##### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

##### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 48. Significant accounting judgements, estimates and assumptions (contd.)

inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/judgements about these factors could affect the reported fair value of financial instruments.

#### Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment leave benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes.

Future salary increases and gratuity increases are based on expected future inflation rates.

#### Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 40.

#### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further, the Group has recognised Minimum Alternate Tax (MAT) which can be utilised for a period of 15 years from the assessment year to which it relates to. Based on future projections of taxable profit and MAT, the Group has assessed that the entire MAT credit can be utilised.

### NOTE 49. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(₹ in Lacs)

	Carrying values			Fair values		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Financial Assets</b>						
Investment	2,845.83	8,589.15	19,497.57	2,845.83	8,589.15	19,497.57
Deposits	901.68	804.18	815.32	901.68	804.18	815.32
<b>Total</b>	<b>3,747.51</b>	<b>9,393.33</b>	<b>20,312.89</b>	<b>3,747.51</b>	<b>9,393.33</b>	<b>20,312.89</b>
<b>Financial Liabilities</b>						
Borrowings	49,826.48	45,082.44	56,937.44	49,826.48	45,082.44	56,937.44
<b>Total</b>	<b>49,826.48</b>	<b>45,082.44</b>	<b>56,937.44</b>	<b>49,826.48</b>	<b>45,082.44</b>	<b>56,937.44</b>



## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 49. Fair values (contd.)

The management assessed that fair value of cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term receivables/advances given are evaluated by the Group based on parameters such as interest rates and individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The fair value of borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The same would be sensitive to a reasonably possible change in the forecast cash flows or the discount rate. There are no unobservable inputs that impact fair value.

There are no financial instruments which require recurring fair value measurements and are classified as Level 3 of the fair value hierarchy.

### NOTE 50. Fair values hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets :

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Fair value of financial assets disclosed</b>					
	March 31, 2017	2,845.83	2,845.83	-	-
Investment	March 31, 2016	8,589.15	8,589.15	-	-
	April 1, 2015	19,497.57	19,497.57	-	-

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

The Group does not have any financial liabilities fair valued through profit & loss.

### NOTE 51. Financial risk management objectives and policies

The Group's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Group's senior management has the overall responsibility for establishing and governing the Group's risk management framework. The Group has constituted a core Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee.

#### A. Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2017 and 31st March, 2016. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

For long term borrowings, the Group also focuses on maintaining / improving its credit ratings to ensure that appropriate refinancing options are available on the respective due dates. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 51. Financial risk management objectives and policies (contd.)

Particulars	Less than 1 Year	1 to 5 years	5 years and above	Total
As at March 31, 2017				
Borrowings and Other financial liabilities *	31,343.94	20,552.44	-	51,896.38
Trade and other payables	14,898.05	-	-	14,898.05
	<b>46,241.99</b>	<b>20,552.44</b>	<b>-</b>	<b>66,794.43</b>
As at March 31, 2016				
Borrowings and Other financial liabilities	56,437.27	667.44	60.00	57,164.71
Trade and other payables	16,115.14	-	-	16,115.14
	<b>72,552.41</b>	<b>667.44</b>	<b>60.00</b>	<b>73,279.85</b>
As at April 01, 2015				
Borrowings and Other financial liabilities	16,529.18	47,161.17	235.00	63,925.35
Trade and other payables	13,246.79	-	-	13,246.79
	<b>29,775.97</b>	<b>47,161.17</b>	<b>235.00</b>	<b>77,172.14</b>

\* The above disclosure has been made as per the contractual due dates of the borrowings, however, due to the put option available to the holder (Note 16), the same has been presented as current maturities 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. Financial instruments affected by market risk include loans and borrowings and deposits.

##### Interest rate risk

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

##### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is not exposed to significant foreign currency risk as at the respective reporting dates.

##### Price risk

The Group is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. The Group has internal guidelines to ensure that the price risk arising from investment in mutual fund is kept minimal.

#### C. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and other financial assets.

##### Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major trade receivables.

##### Other financial assets

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's policy. Investments of surplus funds are made only in highly marketable debt instruments with appropriate maturities to optimise the cash return on instruments while ensuring sufficient liquidity to meet its liabilities.

#### 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.

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### NOTE 51. Financial risk management objectives and policies (contd.)

Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

### NOTE 52. Capital management

For the purpose of the Group capital management, capital includes issued equity capital and other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Group is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt is calculated as borrowing less cash and cash equivalent, other bank balances and mutual fund investments.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings	49,826.48	45,082.44	56,937.44
Less: Cash and cash equivalents (Note 12, 13a and 13b)	(13,189.91)	(14,708.98)	(26,961.32)
Net debt (A)	36,636.57	30,373.46	29,976.12
Equity	1,08,901.10	90,147.79	98,236.36
Capital and net debt (B)	1,45,537.67	1,20,521.25	1,28,212.48
Gearing ratio (A/B)	25%	25%	23%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

### NOTE 53

During the year, the National Company Law Tribunal vide its Order dated March 01, 2017, approved the Scheme of Merger of Jyothy Consumer Products Marketing Limited (JCPML) with the Company with effect from the Appointed date of April 1, 2016. there is no impact of the merger on consolidated financial statements of the Group as JCPML was already consolidated in earlier years.

### NOTE 54. First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) as amended.

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2015, the Group date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

### **NOTE 54.** First-time adoption of Ind AS (contd.)

#### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

- Ind AS 103 Business Combinations has not been applied to acquisitions, which are considered businesses under Ind AS that occurred before 1 April 2015. The carrying amounts of assets and liabilities in accordance with previous GAAP are considered as their deemed cost at the date of acquisition. After the date of the acquisition, measurements are in accordance with Ind AS. The carrying amount of goodwill in the opening Ind AS balance sheet is its carrying amount in accordance with the previous GAAP.
- The Group has elected to continue with the carrying value for all of its property, plant and equipment including intangibles as recognised in its Indian GAAP financials as deemed cost at the transition date.
- Ind AS 102 Share based payment has not been applied to equity instruments in share based payment transactions that vested before April 1, 2015.
- Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Group has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition. There were no embedded leases.

#### Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

#### Non Controlling Interest

The Group has carried the carrying amount of non-controlling interest recognised under previous GAAP as at the date of transition to IND AS and will apply the requirement of IND AS 110, 'Consolidated Financial Statements' applicable to non controlling interest prospectively from the date of transition to IND AS.

## Notes to the consolidated financial statements (contd.)

Reconciliation of equity as at 1st April 2015 (date of transition to Ind-AS)

(₹ in Lacs)

	Footnotes	Indian GAAP	Ind AS Adjustments	Ind AS
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		28,379.57	-	28,379.57
Capital work in progress		1,611.13	-	1,611.13
Goodwill		78,633.19	-	78,633.19
Other Intangible assets		397.82	-	397.82
<b>Financial assets</b>				
Investments		2.59	-	2.59
Loans	1	916.48	(101.16)	815.32
Other financial assets		622.94	-	622.94
Income tax assets (net)		8,472.95	-	8,472.95
Deferred tax assets (net)	5	(54.27)	1,402.02	1,347.75
Other assets	1	7,923.43	74.23	7,997.66
		1,26,905.83	1,375.09	1,28,280.92
<b>Current assets</b>				
Inventories		18,814.97	-	18,814.97
<b>Financial assets</b>				
Investments	2	19,201.64	295.93	19,497.57
Loans	1	163.70	(0.87)	162.83
Trade receivables		5,741.90	-	5,741.90
Cash and cash equivalent		2,575.06	-	2,575.06
Other bank balances		4,888.69	-	4,888.69
Other financial assets		428.16	-	428.16
Other assets	1	2,899.32	23.64	2,922.96
		54,713.44	318.70	55,032.14
<b>Total assets</b>		<b>1,81,619.27</b>	<b>1,693.79</b>	<b>1,83,313.06</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity Share Capital		1,810.23	-	1,810.23
Other Equity	1,2,4,5,6,7, 10,11,12	76,156.76	20,269.37	96,426.13
<b>Equity attributable to equity holders of the parent</b>		<b>77,966.99</b>	<b>20,269.37</b>	<b>98,236.36</b>
Non-controlling interests		143.74	-	143.74
<b>Total equity</b>		<b>78,110.73</b>	<b>20,269.37</b>	<b>98,380.10</b>
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings		44,902.44	-	44,902.44
Other financial liabilities	4	16,157.72	(9,860.56)	6,297.16
Provisions		1,370.42	-	1,370.42
		62,430.58	(9,860.56)	52,570.02
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Trade payables		13,246.79	-	13,246.79
Other financial liabilities		12,725.75	-	12,725.75
Provisions	7	11,707.53	(8,715.02)	2,992.51
Tax liabilities (net)		374.88	-	374.88
Other liabilities		3,023.01	-	3,023.01
		41,077.96	(8,715.02)	32,362.94
<b>Total liabilities</b>		<b>1,03,508.54</b>	<b>(18,575.58)</b>	<b>84,932.96</b>
<b>Total equity and liabilities</b>		<b>1,81,619.27</b>	<b>1,693.79</b>	<b>1,83,313.06</b>

## Notes to the consolidated financial statements (contd.)

Reconciliation of equity as at 31st March, 2016

(₹ in Lacs)

	Footnotes	Indian GAAP	Ind AS Adjustments	Ind AS
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		27,794.81	-	27,794.81
Capital work in progress		552.18	-	552.18
Goodwill		78,633.19	-	78,633.19
Other Intangible assets		349.74	-	349.74
Intangible asset under development		240.00	-	240.00
<b>Financial assets</b>				
Investments		2.59	-	2.59
Loans	1	892.42	(88.24)	804.18
Other financial assets		340.37	-	340.37
Income tax assets (net)		12,349.99	-	12,349.99
Other assets	1	10,208.14	70.48	10,278.62
		1,31,363.43	(17.76)	1,31,345.67
<b>Current assets</b>				
Inventories		18,508.15	-	18,508.15
<b>Financial assets</b>				
Investments	2	8,344.00	245.15	8,589.15
Loans	1	218.44	(0.86)	217.58
Trade receivables		9,411.03	-	9,411.03
Cash and cash equivalent		2,367.39	-	2,367.39
Other bank balances		3,752.44	-	3,752.44
Other financial assets		519.01	-	519.01
Other assets	1	2,240.83	5.67	2,246.50
		45,361.29	249.96	45,611.25
<b>Total assets</b>		<b>1,76,724.72</b>	<b>232.20</b>	<b>1,76,956.92</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity Share Capital		1,811.20	-	1,811.20
Other Equity	1,2,4,5,6,7, 10,11,12	82,802.45	5,534.14	88,336.59
<b>Equity attributable to equity holders of the parent</b>		<b>84,613.65</b>	<b>5,534.14</b>	<b>90,147.79</b>
Non-controlling interests	3	169.74	(435.61)	(265.87)
<b>Total equity</b>		<b>84,783.39</b>	<b>5,098.53</b>	<b>89,881.92</b>
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings		727.44	-	727.44
Other financial liabilities	4	498.50	(498.50)	-
Provisions		1,776.65	-	1,776.65
<b>Deferred tax liabilities (net)</b>	5	<b>2,530.38</b>	<b>1,562.50</b>	<b>4,092.88</b>
		5,532.97	1,064.00	6,596.97
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Trade payables	6	16,084.08	31.06	16,115.14
Other financial liabilities	4	60,218.74	(3,781.47)	56,437.27
Provisions	7	5,204.05	(2,179.92)	3,024.13
Tax liabilities (net)		534.48	-	534.48
<b>Other liabilities</b>		<b>4,367.01</b>	<b>-</b>	<b>4,367.01</b>
		86,408.36	(5,930.33)	80,478.03
<b>Total liabilities</b>		<b>91,941.33</b>	<b>(4,866.33)</b>	<b>87,075.00</b>
<b>Total equity and liabilities</b>		<b>1,76,724.72</b>	<b>232.20</b>	<b>1,76,956.92</b>

## Notes to the consolidated financial statements (contd.)

### Reconciliation of profit and loss for the year ended March 31, 2016

(₹ in Lacs)

	Footnotes	Indian GAAP	Ind AS Adjustments	Ind AS
<b>Income</b>				
Revenue from operations	8	1,64,608.55	1,342.87	1,65,951.42
Other income	1, 2	1,023.23	(28.87)	994.36
Finance income		436.89	-	436.89
<b>Total Income ( I )</b>		<b>1,66,068.67</b>	<b>1,314.00</b>	<b>1,67,382.67</b>
<b>Expenses</b>				
Cost of raw material and components consumed		49,662.91	-	49,662.91
Purchase of traded goods	8	30,086.34	3,738.20	33,824.54
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods"		115.30	-	115.30
Excise duty expense	8	-	6,675.98	6,675.98
Employee benefits expense	9	16,610.21	(134.22)	16,475.99
Employee stock option expenses	10	1,750.26	(122.43)	1,627.83
Depreciation and amortisation expense		3,140.15	-	3,140.15
Finance costs	4,11	603.30	5,580.60	6,183.90
Other expenses	1,6,8	44,373.95	(9,008.49)	35,365.46
<b>Total Expense ( II )</b>		<b>1,46,342.42</b>	<b>6,729.64</b>	<b>1,53,072.06</b>
<b>Profit before tax ( I-II )</b>		<b>19,726.25</b>	<b>(5,415.64)</b>	<b>14,310.61</b>
<b>Income tax</b>				
Current tax (MAT)		4,304.60	-	4,304.60
Less: MAT credit entitlement		(2,850.25)	-	(2,850.25)
Deferred tax	5	2,476.14	2,998.13	5,474.27
<b>Total Income tax</b>		<b>3,930.49</b>	<b>2,998.13</b>	<b>6,928.62</b>
<b>Profit after tax (A)</b>		<b>15,795.76</b>	<b>(8,413.77)</b>	<b>7,381.99</b>
<b>Other Comprehensive Income</b>				
Re-measurement gains/ (losses) on defined benefit plans	9	-	(134.22)	(134.22)
Income tax effect	9	-	33.64	33.64
<b>Other Comprehensive Income for the year (Net of Tax) (B)</b>		<b>-</b>	<b>(100.58)</b>	<b>(100.58)</b>
<b>Total comprehensive income for the year, net of tax attributable to equity share holders (A+B)</b>		<b>15,795.76</b>	<b>(8,514.35)</b>	<b>7,281.41</b>
Non controlling interest	3	(0.29)	(435.61)	(435.90)
<b>Profit after tax</b>		<b>15,796.05</b>	<b>(8,078.74)</b>	<b>7,717.31</b>



## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

Footnotes to the reconciliation of equity as at 1st April 2015 and 31st March 2016 and profit and loss for the year ended 31st March 2016

### 1 Loans (Deposits)

Under Indian GAAP, deposits given under lease are recorded at transaction value, whereas under Ind AS, these are financial assets to be measured at amortised cost at the effective interest rate and the difference is recognised as deferred lease asset. The carrying amount of the asset increases in each period to reflect the passage of time which is recognised as interest income. The carrying amount of the deferred lease asset reduces in each period by way of transfer to lease expense on a straight-line basis over the contract period. This led to a decrease in asset on the date of transition and increase in deferred lease asset.

### 2 FVTPL financial assets

Under Indian GAAP, the Group accounted for investments in mutual funds as investments measured at quoted cost or market value whichever is lower. Under Ind AS, investment in mutual funds are considered as financial assets fair valued through profit and loss account. At the date of transition to Ind AS, difference between the fair value and Indian GAAP carrying amount has been adjusted to retained earnings. Further, the difference between the fair value and the Indian GAAP carrying amount as at March 31, 2016 has been considered in the profit and loss account.

### 3 Non controlling interest

Under Indian GAAP, excess of losses applicable to minority over the minority interest in the equity of the subsidiary are adjusted against majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. Under Ind AS, total comprehensive income is allocated to the owners of the parent and the non-controlling interests even though this results in the non-controlling interests having a deficit balance. Thus, non-controlling interest under Ind AS has been decreased by ₹435.61 with a corresponding increase in other equity by ₹435.61.

### 4 Zero Coupon Non convertible debentures

The Group had issued zero coupon non-convertible debentures redeemable at premium, which were outstanding as on April 1, 2015. Under Indian GAAP, the Group had as per the provisions of the erstwhile Companies Act, 1956 debited the securities premium account with the entire redemption premium and credited the related liability. Under Ind AS, these non-convertible redeemable debentures are measured at amortised cost. The Group has retrospectively applied the effective interest method (EIM) and arrived at amortised cost at the date of transition. Accordingly, in terms of the FAQ issued by the ICAI on the said matter, the excess of the carrying value of the financial liability as per Indian GAAP over the amortised cost amount arrived at by using EIM as per Ind AS 109 as on the transition date has been reversed by crediting the securities premium account with corresponding debit to the liability account which was credited earlier. For the year ended March 31, 2016, Group has recognised finance cost of ₹5580.60 in the profit and loss.

### 5 Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to different temporary differences on which deferred tax adjustments have been recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

For the year ended March 31, 2016, the change in the deferred tax based on the above approach has been considered in the profit or loss.

### 6 Trade Payables

Under Indian GAAP, lease arrangements for land was not covered within the scope of AS 19 "Leases". Whereas, under Ind AS 17 "Leases", lease arrangement to use land is covered. Under Ind AS 17, lease payment under operating lease shall be recognised as an expense on a straight line basis over the lease term. This has resulted an increase in trade payables as on the date of transition by ₹31.06 with a corresponding decrease in retained earnings by ₹31.06.

## Notes to the consolidated financial statements (contd.)

(₹ in Lacs)

Footnotes to the reconciliation of equity as at 1st April 2015 and 31st March 2016 and profit and loss for the year ended 31st March 2016 (contd.)

### 7 Proposed dividend

Under Indian GAAP, proposed dividends including dividend distribution tax are recognised as a liability in the period to which they relate, irrespective of "when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the Group (usually" when approved by shareholders in a general meeting) or paid.

In the case of the Group, the declaration of dividend occurs after period end. Therefore, the liability of ₹8,715.02 for the year ended on March 31, 2015 recorded for dividend has been derecognised against retained earnings on April 1, 2015. The proposed dividend for the year ended on March 31, 2016 of ₹2,179.92 recognised under Indian GAAP was reduced from other payables with a corresponding impact in the retained earnings.

### 8 Sale of goods

Under Indian GAAP, sale of goods was presented net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty of sale of goods is separately presented on the face of statement of profit and loss. Thus, sale of goods under Ind AS has increased by ₹5,965.53 with a corresponding increase in excise duty expense.

Further, under Indian GAAP, certain sale promotion expenses amounting was recognised as other expenses. Under Ind AS, revenue shall be measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

Thus, other expenses has decreased by ₹8,363.97 with corresponding increase in purchase of traded goods of ₹3,741.31 and decrease in sale of goods by ₹4,622.66.

### 9 Defined benefit obligation

Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements comprising of actuarial gains and losses on the net defined benefit liability and the return on plan assets are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefits expense is reduced by ₹134.22 and is recognised in other comprehensive income (net of tax of ₹33.64) for the year ended March 31, 2016.

### 10 Share-based payments

Under Indian GAAP, the Group recognised the intrinsic value of the employee stock option plans as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. Accordingly, an expense of ₹122.43 has been reversed in Statement of profit and loss for the year ended 31 March 2016 and adjusted in separate component of equity.

### 11 Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

### 12 Investment subsidy

The Group had received certain capital grants in the nature of promoter's contribution which was credited to investment subsidy reserve under Indian GAAP. Under Ind AS, this will be considered as a capital grant. However, as the corresponding assets to which the grant pertain to have been fully depreciated, the balance in the investment subsidy on the transition date has been transferred to retained earnings.

### 13 Other comprehensive income

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

### 14 Consolidated Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the Consolidated statement of cash flows.

### 15 Previous GAAP figures have been reclassified / regrouped where ever necessary to confirm with Consolidated financial statements prepared under IND AS.

## Notes to the consolidated financial statements (contd.)

### NOTE 55. Recent accounting pronouncements

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Group is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of tax deductible at source. The Group does not have any cash settled award as at March 31, 2017.

Signatures to Notes 1 to 55

As per our report of even date

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

per **Vikram Mehta**  
Partner  
Membership No.: 105938

Place: Mumbai  
Date: May 18, 2017

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

**M.P. Ramachandran**  
Chairman and Managing Director  
DIN: 00553406

**Shreyas Trivedi**  
Company Secretary  
Membership No.: A12739

Place: Mumbai  
Date: May 18, 2017

**K.Ullas Kamath**  
Joint Managing Director and  
Chief Financial Officer  
DIN: 00506681

---

#### **Caution regarding forward-looking statements**

This document contains statements about expected future events, and financial and operating results of Jyothy Laboratories Limited. By nature, these forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There are significant risks that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on these statements as a number of factors could lead to assumptions, and actual future results and events could differ materially from those expressed in these statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Jyothy Laboratories Limited annual report FY2016-17.

---



**Corporate & Registered Office:**

Ujala House, Ramakrishna Mandir Road  
Kondivita, Andheri East, Mumbai - 400059  
Phone: +91-22-66892800 | Fax: +91-22-66892805  
E-Mail: [contact@jyothy.com](mailto:contact@jyothy.com)  
CIN: L24240MH1992PLC128651