

# B S R & Co. LLP

Chartered Accountants

14th Floor, Central B Wing and North C Wing,  
Nesco IT Park 4, Nesco Center,  
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Goregaon (East), Mumbai - 400 063

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## **Independent Auditor's Report To the Members of Jyothy Fabricare Services Limited**

### **Report on the Audit of the Standalone Financial Statements**

#### **Opinion**

We have audited the standalone financial statements of Jyothy Fabricare Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

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

#### **Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## **Independent Auditor's Report (Continued)**

### **Jyothy Fabricare Services Limited**

#### **Management's and Board of Directors' Responsibility for the Standalone Financial Statements**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.

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## **Independent Auditor's Report (Continued)**

### **Jyothy Fabricare Services Limited**

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

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

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**Independent Auditor's Report (Continued)**  
**Jyothy Fabricare Services Limited**

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

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 33 to the standalone financial statements;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the current year and hence the same is in compliance with the provisions of Section 197 read with Schedule V of Companies Act 2013. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

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



**Sreeja Marar**  
Partner

Mumbai  
18 May 2021

Membership No.111410  
ICAI UDIN: 21111410AAAAAZ5427

# B S R & Co. LLP

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## Jyothy Fabricare Services Limited

### Annexure - A to the Independent Auditor's Report – 31 March 2021

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed upon such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note 3a to the Ind AS financial statements, are held in the name of the Company, except as noted below:

Particulars	Freehold land	Buildings
Number of cases	1	2
Gross block as at 31 March 2021 (Rs.)	10,819,430	4,120,869
Net block as at 31 March 2021 (Rs.)	10,819,430	3,598,998

- (ii) The inventories were physically verified during the year by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act, in respect grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the Company.

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Registered Office:

## Jyothy Fabricare Services Limited

### Annexure - A to the Independent Auditor's Report – 31 March 2021 (Continued)

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales tax, Service tax, Value Added tax, Wealth tax and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax, Duty of customs and Goods and Service tax as at 31 March 2021, which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned below:

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

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its debenture holders. The Company has not defaulted in repayment of dues from banks, financial institutions or Government.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Money raised by way of terms loans during the year have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/ provided any managerial remuneration during the year under Section 197 read with Schedule V to the Act. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

## Jyothy Fabricare Services Limited

### **Annexure - A to the Independent Auditor's Report – 31 March 2021** **(Continued)**

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the Ind AS financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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



**Sreeja Marar**  
*Partner*

Mumbai  
18 May 2021

Membership No: 111410  
ICAI UDIN: 21111410AAAAAZ5427

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## Jyothy Fabricare Services Limited

### **Annexure B to the Independent Auditors' report on the standalone financial statements of Jyothy Fabricare Services Limited for the period ended 31 March 2021.**

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

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

#### **Opinion**

We have audited the internal financial controls with reference to financial statements of Jyothy Fabricare Services Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021 based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **Management's Responsibility for Internal Financial Controls**

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



## Jyothy Fabricare Services Limited

### **Annexure B to the Independent Auditors' report on the standalone financial statements of Jyothy Fabricare Services Limited for the period ended 31 March 2021 (*Continued*)**

#### **Auditors' Responsibility**

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

an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

#### **Auditors' Responsibility (*Continued*)**

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

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

#### **Meaning of Internal Financial controls with Reference to Financial Statements**

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

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## Jyothy Fabricare Services Limited


### **Annexure B to the Independent Auditors' report on the standalone financial statements of Jyothy Fabricare Services Limited for the period ended 31 March 2021 (*Continued*)**

#### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

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

Mumbai  
18 May 2021

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248 W/W-10022

  
**Sreeja Marar**  
Partner

Membership No. 111410  
ICAI UDIN: 21111410AAAAAZ5427

# Jyothy Fabricare Services Limited

## Standalone Balance Sheet

as at March 31, 2021

	Note	As at March 31, 2021	Amount in Rs. As at March 31, 2020
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3a	27,93,25,257	31,21,29,312
Capital work in progress		45,101	66,67,002
Right-of-use assets	3b	3,95,37,221	6,32,87,510
Goodwill	3c	1,38,16,434	1,38,16,434
Other intangible assets	3c	38,20,222	65,29,718
<b>Financial assets</b>			
Investment in subsidiaries	4	2,12,18,402	2,68,43,256
Loans	5	99,93,705	1,19,96,705
Other financial assets	6	11,91,225	9,13,825
Deferred tax assets (net)	7	2,42,699	2,42,699
Income tax assets (net)	8	69,85,397	1,77,85,426
Other non-current assets	9	13,94,271	28,91,637
		<b>37,75,69,934</b>	<b>46,31,03,524</b>
<b>Current assets</b>			
Inventories	10	64,31,740	51,05,070
<b>Financial assets</b>			
Loans	5	1,25,55,112	1,06,74,294
Trade receivables	11	44,77,551	61,37,577
Cash and cash equivalents	12 (a)	1,25,19,428	36,33,635
Bank balances other than cash and cash equivalents	12 (b)	88,98,072	81,51,898
Other current assets	9	68,86,321	83,43,777
		<b>5,17,68,224</b>	<b>4,20,46,251</b>
<b>Total Assets</b>		<b>42,93,38,158</b>	<b>50,51,49,775</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	13a	23,85,00,000	16,35,00,000
Other equity	13b	(81,81,05,824)	(1,88,82,24,595)
<b>Total equity</b>		<b>(57,96,05,824)</b>	<b>(1,72,47,24,595)</b>
<b>Liabilities</b>			
<b>Non-Current liabilities</b>			
Financial liabilities			
Provisions	15	2,39,69,963	2,64,14,123
Other non-current liability	18	1,91,72,742	4,24,22,612
		<b>4,31,42,705</b>	<b>6,88,36,735</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	14	91,29,74,214	-
Trade payables	16		
Total outstanding dues of micro enterprises and small enterprises		18,90,766	34,55,786
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,82,07,106	2,13,87,163
Other financial liabilities	17	26,56,435	2,10,62,70,133
Provisions	15	13,60,114	31,00,297
Other current liabilities	18	2,87,12,642	2,68,24,256
		<b>96,58,01,277</b>	<b>2,16,10,37,635</b>
<b>Total liabilities</b>		<b>1,00,89,43,982</b>	<b>2,22,98,74,370</b>
<b>Total equity and liabilities</b>		<b>42,93,38,158</b>	<b>50,51,49,775</b>

Summary of significant accounting policies

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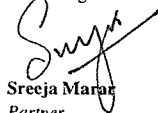
The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

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

Chartered Accountants

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

  
Sreeja Marar

Partner

Membership No: 111410

Place: Mumbai

Date: 18/05/2021

For and on behalf of the Board of Directors of

**Jyothy Fabricare Services Limited**

CIN : U17120MH2008PLC180246

  
M. P. Ramachandran

Chairman and Managing Director

DIN - 00553406

  
K. Ullas Kamath

Director

DIN - 00506681

  
Mayank Patwa

Company Secretary

M.No. A42480

Place: Mumbai

Date: 18/05/2021

  
Pinkesh Bansal

Chief Financial Officer

M.No. 121387



# Jyothy Fabricare Services Limited

## Statement of Standalone Profit and Loss

for the year ended March 31, 2021

	Note	Year ended March 31, 2021	Amount in Rs. Year ended March 31, 2020
<b>Income</b>			
Revenue from operations	19	19,58,94,027	30,67,39,278
Other income	20	1,71,62,304	71,61,954
<b>Total income (I)</b>		<b>21,30,56,331</b>	<b>31,39,01,232</b>
<b>Expenses</b>			
Cost of services	21	4,18,79,249	6,64,33,077
Purchase of Traded Goods		49,94,228	-
Increase/(Decrease) of Inventory	22	(15,41,021)	-
Employee benefits expense	23	11,04,12,417	13,57,89,027
Finance costs	24	24,04,71,950	22,11,47,157
Depreciation and amortisation expense	25	8,07,74,240	6,98,53,971
Other expenses	26	9,49,12,189	14,37,93,171
<b>Total expense (II)</b>		<b>57,19,03,252</b>	<b>63,70,16,403</b>
<b>Loss before tax (I-II)</b>		<b>(35,88,46,921)</b>	<b>(32,31,15,171)</b>
<b>Income tax</b>	42		
Current tax		-	-
Deferred tax		-	-
<b>Total Income tax</b>		<b>-</b>	<b>-</b>
<b>Loss for the year attributable to equity shareholders (A)</b>		<b>(35,88,46,921)</b>	<b>(32,31,15,171)</b>
<b>Other comprehensive Income</b>			
<b>Items that will not be reclassified to Profit or loss</b>			
Re-measurement losses on defined benefit plans		39,65,692	(14,51,835)
Income tax effect	42	-	-
<b>Other comprehensive income for the year net of tax, attributable to equity shareholders (B)</b>		<b>39,65,692</b>	<b>(14,51,835)</b>
<b>Total comprehensive income for the year net of tax, attributable to equity shareholders (A+B)</b>		<b>(35,48,81,229)</b>	<b>(32,45,67,006)</b>
<b>EARNINGS PER SHARE (EPS)</b>	35		
Basic & Diluted (Rs.)		(27.31)	(24.76)
Nominal value per share (Rs.)		10.00	10.00
Summary of significant accounting policies	2		

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

As per our report of even date

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

Chartered Accountants

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

  
Sreeja Marar  
Partner

Membership No: 111410

Place: Mumbai

Date: 18/05/2021

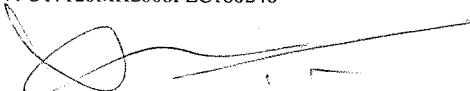
For and on behalf of the Board of Directors of

**Jyothy Fabricare Services Limited**

CIN : U17120MH2008PLC180246



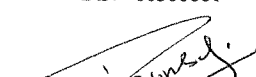
M. P. Ramachandran  
Chairman and Managing Director  
DIN - 00553406



K. Ullas Kamath  
Director  
DIN - 00506681



Mayank Patwa  
Company Secretary  
M.No. A42480  
Place: Mumbai  
Date: 18/05/2021



Pinkesh Bansal  
Chief Financial Officer  
M.No. 121387



# Jyothy Fabricare Services Limited

## Standalone Statement of Cash Flow

for the year ended March 31, 2021

	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
<b>A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:</b>		
Loss Before Tax	(35,88,46,921)	(32,31,15,171)
<b>Adjustment to reconcile loss before tax to net cash flows</b>		
Depreciation and amortisation	4,17,03,506	2,81,46,073
Depreciation of right-of-use assets	3,51,27,488	3,92,57,591
Amortisation and impairment of intangible assets	39,43,246	24,50,307
(Profit) / Loss on sale of fixed assets	(2,74,433)	2,41,951
Interest income	(26,40,838)	(40,50,359)
Finance cost	24,04,71,950	22,11,47,157
Interest others	(1,07,31,805)	(13,77,033)
Share of (profit)/ loss from investment in partnership firm	1,61,24,854	5,18,514
Profit on sale of current investments	-	(17,33,051)
Bad debts / advances written off	5,61,376	7,72,474
Provision for doubtful debts written back	(11,70,001)	-
<b>Operating loss before working capital changes</b>	<b>(3,57,31,578)</b>	<b>(3,77,41,547)</b>
<b>Movements in working capital:-</b>		
Decrease / (Increase) in Inventories	(13,26,670)	(11,09,541)
Decrease / (Increase) in Trade receivables	22,68,651	48,76,961
Decrease / (Increase) in Other Financial assets	8,56,944	1,71,219
Decrease / (Increase) in Other assets	29,54,822	(14,588)
Increase / (Decrease) in Trade payables	(47,45,077)	(37,95,881)
Increase / (Decrease) in Other Financial liabilities	(1,00,33,818)	(80,86,213)
Increase / (Decrease) in Provisions	(2,18,651)	33,62,565
<b>Cash used in operations</b>	<b>(4,59,75,377)</b>	<b>(4,23,37,025)</b>
Taxes ( paid ) / Refund received (net)	1,08,00,029	(15,01,164)
<b>Net cash used in operating activities (A)</b>	<b>(3,51,75,348)</b>	<b>(4,38,38,189)</b>
<b>B CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:</b>		
Purchase of fixed assets including capital work-in-progress and capital advances	(88,03,190)	(2,88,42,478)
Proceeds from sale of fixed assets	6,48,032	14,62,523
(Investment in)/withdrawal of Capital from Partnership firm	(1,05,00,000)	4,28,63,160
Proceeds from sale of Mutual funds	-	10,67,63,161
Investment in Mutual funds	-	(6,20,00,000)
Interest received	20,08,663	40,50,359
(Investment in)/ Proceeds from fixed deposit	(10,23,574)	(5,39,591)
Loan given to subsidiaries	(1,02,587)	(5,09,429)
<b>Cash flow provided by investing activities (B)</b>	<b>(1,77,72,656)</b>	<b>6,32,47,705</b>
<b>C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:</b>		
Payment of Lease Liability	(3,01,57,477)	(4,27,72,285)
Loan from Partnership Firm	(8,00,491)	93,96,873
Repayment of Debentures	(75,09,34,639)	-
Loan from NBFC	85,00,00,000	-
Loan Repayment to NBFC	(20,00,00,000)	-
Interest Paid on NBFC Loan	(4,53,07,158)	-
Loan from Holding Company	24,00,00,000	-
Interest Loan from Holding Company	(9,66,438)	-
<b>Net cash (used in) financing activities ( C )</b>	<b>6,18,33,797</b>	<b>(3,33,75,412)</b>
<b>D. Net (decrease) /increase in cash and cash equivalents (A+B+C)</b>	<b>88,85,793</b>	<b>(1,39,65,896)</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>36,33,635</b>	<b>1,75,99,531</b>
<b>F. Cash and cash equivalents at the end of the year</b>	<b>1,25,19,428</b>	<b>36,33,635</b>
<b>G. Components of cash and cash equivalents</b>		
Cash in hand	31,05,776	26,72,523
Balance with scheduled Banks - Current account	94,13,652	9,61,112
Cash and cash equivalents considered for cash flow statement	1,25,19,428	36,33,635

Summary of significant accounting policies

Note 2

The standalone cash flow statement has been prepared under indirect method and set out in Indian accounting standards (IND AS 7) Statement of

### H. Changes in liabilities arising from financing activities

Particulars	As at March 31, 2020	Cash flow	Non-Cash changes/ Fair Value adjustment	As at March 31, 2021
Current Borrowings (Refer Note - 18)	2,09,71,94,859	13,74,04,470	(1,32,16,25,115)	91,29,74,214
	<b>2,09,71,94,859</b>	<b>13,74,04,470</b>	<b>(1,32,16,25,115)</b>	<b>91,29,74,214</b>

As per our report of even date

For **BSR & Co. LLP**

Chartered Accountants

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

**Sreeja Marar**

Partner

Membership No.: 111410

Place: Mumbai

Date: 18/05/2021

For and on behalf of the Board of Directors of

**Jyothy Fabricare Services Limited**

CIN: U17120MH2008PLC180246

**M. P. Ramachandran**

Chairman and Managing Director

DIN - 00553406

**Mayank Patwa**

Company Secretary

M.No. A42480

Place: Mumbai

Date: 18/05/2021

**K. Ullas Kamath**

Director

DIN - 00506681

**Pinkesh Bansal**

Chief Financial Officer

M.No. 121387



# Jyothy Fabricare Services Limited

## Standalone Statement of changes in equity for the period ended March 31, 2021

### A Equity Share Capital

	As at March 31, 2021	Amount in Rs. As at March 31, 2020
<b>Equity shares of Rs.10 each issued, subscribed and fully paid</b>		
At the beginning of the period	13,05,00,000	13,05,00,000
Issue of share capital	7,50,00,000	-
At the end of the period	<u>20,55,00,000</u>	<u>13,05,00,000</u>
<b>Series A Compulsorily Convertible Preference Share of face Value Rs.10 each</b>		
At the beginning of the period	3,30,00,000	3,30,00,000
Issued during the period	-	-
At the end of the period	<u>3,30,00,000</u>	<u>3,30,00,000</u>
	<u>23,85,00,000</u>	<u>16,35,00,000</u>

### B Other Equity

	Equity component of compound financial instruments	Retained Earning	Amalgamation reserve account	Securities premium	General Reserves	Total
As on 1 April, 2019	78,97,89,394	(2,56,38,39,780)	(26,17,57,208)	46,93,00,005	28,50,000	(1,56,36,57,589)
Loss for the year	-	(32,31,15,171)	-	-	-	(32,31,15,171)
Other Comprehensive Income	-	(14,51,835)	-	-	-	(14,51,835)
As on 31 March, 2020	<u>78,97,89,394</u>	<u>(2,88,84,06,786)</u>	<u>(26,17,57,208)</u>	<u>46,93,00,005</u>	<u>28,50,000</u>	<u>(1,88,82,24,595)</u>
As on 1 April, 2020	78,97,89,394	(2,88,84,06,786)	(26,17,57,208)	46,93,00,005	28,50,000	(1,88,82,24,595)
Loss for the Period	-	(35,88,46,921)	-	-	-	(35,88,46,921)
Other Comprehensive Income	-	39,65,692	-	-	-	39,65,692
Transfer (from)/to Retained earning	(78,97,89,394)	78,97,89,394	-	1,42,50,00,000	-	1,42,50,00,000
As at March 31, 2021	<u>-</u>	<u>(2,45,34,98,622)</u>	<u>(26,17,57,208)</u>	<u>1,89,43,00,005</u>	<u>28,50,000</u>	<u>(81,81,05,824)</u>

#### Nature and purpose of reserves

- Equity component of compound financial instruments - Equity component of 2% Optionally Convertible Non - Cumulative Preference Share.
- Retained earnings - Retained earnings are the losses that the Company has incurred till date.
- Amalgamation reserve account - Excess of book value of investment in the equity share capital of Akash Cleaners Private Limited ("ACPL"), Diamond Fabcare Private Limited ("DFPL") & Fabclean and Care Private Limited ("FCPL") over the face value of such share capital.
- Securities premium - The amount received in excess of face value of the equity shares and Convertible Preference shares is recognised in Securities Premium Reserve. This reserve can be utilized only in accordance with the provisions of section 52 of the Companies Act, 2013.
- General reserves -on amalgamation of Akash Cleaners Private Limited ("ACPL").

For further details, Refer Note 13 b.

As per our report of even date

For BSR & Co. LLP

Chartered Accountants

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

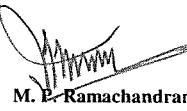
  
Sreeja Marar

Partner

Membership No: 111410

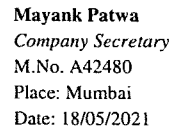
Place: Mumbai

Date: 18/05/2021

  
M. P. Ramachandran

Chairman and Managing Director

DIN - 00553406

  
Mayank Patwa  
Company Secretary  
M.No. A42480  
Place: Mumbai  
Date: 18/05/2021

For and on behalf of the Board of Directors of

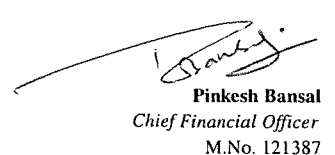
Jyothy Fabricare Services Limited

CIN : U17120MH2008PLC180246

  
K. Ullas Kamath

Director

DIN - 00506681

  
Pinkesh Bansal  
Chief Financial Officer  
M.No. 121387



# Jyothy Fabricare Services Limited

## Notes to standalone financial Statements

for the Year Ended March 31, 2021

### 1 Corporate information

Jyothy Fabricare Services Limited ('the Company') is a public Company domiciled in India. The Company is principally engaged in the business of laundry and dry-cleaning services.

These standalone financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors on May 18, 2021.

### 2 Significant accounting policies

#### 2.1 Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The standalone 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 standalone financial statements are presented in Indian Rupees.

As at 31 March 2021, the Company's paid up capital is Rs.238,500,000 and the accumulated losses aggregated Rs.818,105,824. The Company has incurred a loss of Rs.354,881,229 during the year and has net current liabilities of Rs. 914,033,054 as at 31 March 2021. The company has negative operating cash flow during the year amounting to Rs.35,175,348. Borrowing amounting to Rs.912,974,214 is due for payment within next 12 months from the year end 31 March 2021.

The above events/conditions cast doubt on entity's ability to continue as a going concern. However these events/conditions are mitigated by the following.

Company has an unconditional financial support from holding company in order to meet all its liabilities as and when they fall due for payment, for a period of not less than 12 months from the date of financial closure of accounts of the Company for the year ended 31 March 2021. Loans taken by the Company have been secured by corporate guarantee issued by the holding Company. Company also has approved line of credit for the working capital requirements, to meet the repayment schedules of loans and for CAPEX.

During the previous year the Company has restructured its operating model to bring in better efficiencies using a franchisee model. Management has forecasted growth by expanding the business using this franchisee model. Based on the revised operating model and management approved projected cash flows, management is confident of meeting its liabilities as and when they fall due.

Based on the above mitigating factors, material uncertainty relating to events/conditions that cast significant doubt on entity's ability to continue as going concern does not exist. Accordingly, standalone financial statements have been prepared on a going concern basis.

#### 2.2 Summary of significant accounting policies

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

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

##### b. Fair value measurement

The Company measures financial instruments (Refer Note 2j) at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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# Jyothy Fabricare Services Limited

## Notes to standalone financials Statements (Continued)

for the Year Ended March 31, 2020

### 2 Significant accounting policies (Continued)

#### 2.2 Summary of significant accounting policies (Continued)

##### b. Fair value measurement (Continued)

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 standalone 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 standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

##### c. Taxes

###### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

###### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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



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# Jyothy Fabricare Services Limited

## Notes to standalone financials Statements (Continued)

for the Year Ended March 31, 2020

### 2.2 Summary of significant accounting policies (Continued)

#### c. Taxes (Continued)

##### Sales tax/ value added tax/ goods and service tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of Sales tax/ value added tax/ goods and service tax paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

#### d. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant part of plant and equipment are required to be replaced at intervals, the Company depreciate them separately based on their specific useful lives. All other repair and maintenance cost are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Category	Estimated useful life (in years)
Building - Factory	30
Plant and machinery	15
Furniture and fixtures	10
Computers	3-6
Office equipments	5
Vehicles	8-10
Leasehold Improvements - Outlets	3

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### e. Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed finite as per table below -

Category	Estimated useful life (in years)
Software and Licences	5
Trade mark	9-10

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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

#### Goodwill

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

#### f. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### g. Leases

The Company has adopted modified retrospective approach as per IND AS 116 - Leases, effective from annual reporting period beginning April 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at April 1, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17.

The Company applies a single recognition and measurement approach for all leases. The Company also has certain leases of building premises with lease terms of 12 months or less. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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# Jyothy Fabricare Services Limited

## Notes to standalone financials Statements (Continued)

for the Year Ended March 31, 2020

### 2.2 Summary of significant accounting policies (Continued)

#### g. Leases (Continued)

The effect of adoption Ind AS 116 as at April 1, 2019 (increase/(decrease)) is as follows:

Right of use assets: refer note 3b

Lease Liabilities: refer note 31b

The Company has lease contracts for various items of building, plant, machinery, and office equipment. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The lease liabilities were discounted using the incremental borrowing rate (same as company average borrowing rate) of the Company as at April 2019. The weighted average discount rate used for recognition of lease liabilities was 10.40%.

#### • Leases previously classified as finance leases

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 117). The requirements of Ind AS 116 were applied to these leases from 1 April 2019.

#### Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

#### The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

#### i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Building 1 to 5 years
- Land 95 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2 (i) Impairment of non-financial assets.

#### ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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# Jyothy Fabricare Services Limited

## Notes to standalone financials Statements (Continued)

for the Year Ended March 31, 2020

### 2 Significant accounting policies (Continued)

#### h. Inventories

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

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

Raw and Packing materials, stores and spares and fuel: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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

#### i. Impairment of non-financial assets

i) The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre-tax discount rate. In determining net selling price, recent market transaction are taken in to account, if available. If no such transaction can be identified, an appropriate valuation model is used.

ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

iii) A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the assets in prior years.

iv) Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### j. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- 1 Debt instruments at amortised cost
- 2 Debt instruments at fair value through other comprehensive income (FVTOCI)
- 3 Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- 4 Equity instruments measured at fair value through other comprehensive income FVTOCI

The Company does not have any financial assets falling under category 2 and 4 above.

##### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

##### 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').

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

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# Jyothy Fabricare Services Limited

## Notes to standalone financials Statements (Continued)

for the Year Ended March 31, 2020

### 2.2 Summary of significant accounting policies (Continued)

#### j. Financial instruments (Continued)

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) The Company has transferred substantially all the risks and rewards of the asset, or

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

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

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

##### Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

(b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind-AS 18 Revenue.

Investment in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

##### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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# Jyothy Fabricare Services Limited

## Notes to standalone financials Statements (Continued)

for the Year Ended March 31, 2020

### 2.2 Summary of significant accounting policies (Continued)

#### k. Convertible preference shares

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

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

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

#### l. Revenue recognition

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

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

##### Sales of Goods

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

##### Rendering of Services

When the outcome of a transaction involving the rendering of laundry services can be estimated reliably, revenue associated with the transaction at the end of reporting period is recognised provided no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service. Service revenue are net of Goods and Service Tax.

##### Rendering of Service at Franchisee Store

The company recognises revenue of the amount billed to customer out of franchisee stores since it fulfils below criteria.

- The Company has primary responsibility for rendering services to the customer.
- The Company has latitude in establishing price

##### Interest income:

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

#### m. Retirement and other employee benefits

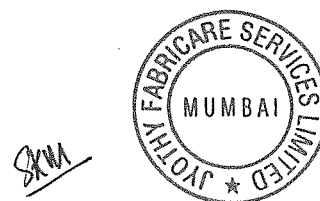
Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined at the period end by an independent actuary using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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



# Jyothy Fabricare Services Limited

## Notes to standalone financials Statements (Continued)

for the Year Ended March 31, 2020

### 2.2 Summary of significant accounting policies (Continued)

#### m. Retirement and other employee benefits (Continued)

##### Short-term employee benefits

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are classified as short term employee benefits and are recognized as an expense in the Statement of Profit and Loss as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### Other Long-term employee benefits

The liabilities for earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by the employees upto the end of the reporting period using the projected unit credit method based on actuarial valuation.

#### n. Earnings per Share

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

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

#### o. Provisions

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

#### p. Contingent liabilities

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

#### q. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



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# Jyothy Fabricare Services Limited

## Notes to standalone financial statements (Continued)

for the period ended March 31, 2021

### 3a Property, plant and equipments

Particulars	Building	Freehold Land @	Leasehold land	Plant and machinery	Furniture and fixture	Leasehold Improvements	Office equipments	Vehicle	Amount in Rs.	
									Total Tangible assets	
<b>Cost</b>										
As at April 1, 2019	16,85,40,748	5,37,85,319	17,70,438	18,86,66,999	1,11,35,138	89,60,338	1,08,12,278	74,26,748	45,10,98,006	
Additions	24,33,790	-	-	74,22,906	1,49,366	71,02,622	35,75,331	7,95,923	2,14,79,938	
Disposals	-	-	-	28,65,467	-	9,87,440	-	-	38,52,907	
Reclassified on account of adoption of Ind AS 116 (note 2.2 (g))	-	-	17,70,438	-	-	-	-	-	17,70,438	
<b>As at March 31, 2020</b>	<b>17,09,74,538</b>	<b>5,37,85,319</b>	<b>-</b>	<b>19,32,24,438</b>	<b>1,12,84,504</b>	<b>1,50,75,520</b>	<b>1,43,87,609</b>	<b>82,22,671</b>	<b>46,69,54,599</b>	
Additions	-	-	-	65,51,650	35,350	20,33,206	6,22,349	-	92,42,555	
Disposals	-	-	-	40,000	22,500	3,72,673	3,76,640	44,68,908	52,80,721	
<b>As at March 31, 2021</b>	<b>17,09,74,538</b>	<b>5,37,85,319</b>	<b>-</b>	<b>19,97,36,088</b>	<b>1,12,97,354</b>	<b>1,67,36,053</b>	<b>1,46,33,318</b>	<b>37,53,763</b>	<b>47,09,16,433</b>	
<b>Depreciation and impairment</b>										
As at April 1, 2019	2,62,59,270	-	1,15,152	7,38,70,153	79,22,430	75,38,869	75,82,812	56,84,608	12,89,73,294	
Depreciation charge for the year	66,27,820	-	30,495	1,59,88,623	15,45,315	13,71,768	22,06,164	3,75,888	2,81,46,073	
Disposals	-	-	-	11,61,019	-	9,87,414	-	-	21,48,433	
Reclassified on account of adoption of Ind AS 116 (note 2.2 (g))	-	-	1,45,647	-	-	-	-	-	1,45,647	
<b>As at March 31, 2020</b>	<b>3,28,87,090</b>	<b>-</b>	<b>-</b>	<b>8,86,97,757</b>	<b>94,67,745</b>	<b>79,23,223</b>	<b>97,88,976</b>	<b>60,60,496</b>	<b>15,48,25,287</b>	
Depreciation charge for the year	67,08,829	-	-	2,78,69,913	12,06,757	33,41,311	21,56,393	3,89,808	4,16,73,011	
Disposals	-	-	-	25,716	20,887	88,174	3,03,447	44,68,898	49,07,122	
<b>As at March 31, 2021</b>	<b>3,95,95,919</b>	<b>-</b>	<b>-</b>	<b>11,65,41,954</b>	<b>1,06,53,615</b>	<b>1,11,76,360</b>	<b>1,16,41,922</b>	<b>19,81,406</b>	<b>19,15,91,176</b>	
<b>Net book value</b>										
As at March 31, 2021	13,13,78,619	5,37,85,319	-	8,31,94,134	6,43,739	55,59,693	29,91,396	17,72,357	27,93,25,257	
<b>As at March 31, 2020</b>	<b>13,80,87,448</b>	<b>5,37,85,319</b>	<b>-</b>	<b>10,45,26,681</b>	<b>18,16,759</b>	<b>71,52,297</b>	<b>45,98,633</b>	<b>21,62,175</b>	<b>31,21,29,312</b>	

@ Freehold Land & Building includes assets which are not transferred in the name of the Company amounting to Rs.14,940,299 (Gross Block) (2020: Rs.17,550,884). These are held in the name of entities which have been merged with the Company in earlier years.

Refer Note 14 for details of property plant and equipment pledged as security against borrowing.



# Jyothy Fabricare Services Limited

## Notes to standalone financial statements (Continued)

for the period ended March 31, 2021

### 3b Right-of-use assets

Amount in Rs.

Particulars	Leasehold Land	Building	Total
<b>COST</b>			
As at April 01, 2019	-	9,48,10,137	9,48,10,137
Additions	-	61,10,173	61,10,173
Disposals	-	-	-
Re-classification of lease hold land (Note 3a)	17,70,438	-	17,70,438
As at April 01, 2020	17,70,438	10,09,20,310	10,26,90,748
Additions	-	1,14,07,694	1,14,07,694
Disposals	-	-	-
As at March 31, 2021	17,70,438	11,23,28,004	11,40,98,442
<b>Depreciation and impairment</b>			
As at April 01, 2019	-	-	-
Additions	-	3,92,57,591	3,92,57,591
Disposals	1,45,647	-	1,45,647
As at April 01, 2020	1,45,647	3,92,57,591	3,94,03,238
Additions	30,495	3,51,27,488	3,51,57,983
Disposals	-	-	-
As at March 31, 2021	1,76,142	7,43,85,079	7,45,61,221
Net book value			
As at March 31, 2021	15,94,296	3,79,42,925	3,95,37,221
As at March 31, 2020	16,24,791	6,16,62,719	6,32,87,510

### 3c Intangible assets

Particulars	Goodwill	Other Intangible assets		Total Other intangible assets
		Software and Licences	Trade marks and Copyrights \$	
<b>Cost</b>				
As at April 1, 2019	1,38,16,434	85,44,780	20,23,360	1,05,68,140
Additions	-	40,35,368	-	40,35,368
Disposals	-	-	-	-
As at March 31, 2020	1,38,16,434	1,25,80,148	20,23,360	1,46,03,508
Additions	-	12,33,750	-	12,33,750
Disposals	-	-	-	-
As at March 31, 2021	1,38,16,434	1,38,13,898	20,23,360	1,58,37,258
<b>Amortisation and impairment</b>				
As at April 1, 2019	-	39,62,229	16,61,254	56,23,483
Amortisation charge for the year	-	20,88,201	3,62,106	24,50,307
Disposals	-	-	-	-
As at March 31, 2020	-	60,50,430	20,23,360	80,73,790
Amortisation charge for the year	-	39,43,246	-	39,43,246
Disposals	-	-	-	-
As at March 31, 2021	-	99,93,676	20,23,360	1,20,17,036
Net book value				
As at March 31, 2021	1,38,16,434	38,20,222	-	38,20,222
As at March 31, 2020	1,38,16,434	65,29,718	-	65,29,718

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

The goodwill is tested for impairment annually as at March 31st and accordingly no impairment charges were identified for FY 2020-21 (Nil for 2019-20). Goodwill relates to the acquisition of 'Snoways' brand in earlier years and 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 rate considered management prospects of future expansion plan basis new business model as approved by management.

Following key assumptions were considered while performing impairment testing :-

Terminal value growth rate - 5% (2020 : 5%)

Growth rate - 3% - 15% (2020 : 3% - 15%)

Weighted Average Cost of Capital % (WACC) (Discount rate) - 13% (2020 : 10.90%)

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

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

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# Jyothy Fabricare Services Limited

Notes to standalone financial Statements (Continued)  
for the year ended March 31, 2021

Amount in Rs.

## 4 Investment in subsidiaries at cost (unquoted)

	As at March 31, 2021	As at March 31, 2020
10,00,000 (2020: 10,00,000) equity shares of Rs.10 each fully paid-up in Snowways Laundrers & Drycleaners Private Limited @	1,98,61,770	1,98,61,770
49,65,750 (2020: 49,65,750) equity shares of Rs.10 each fully paid-up in Four Seasons Drycleaning Company Private Limited #	3,77,42,980	3,77,42,980
Less : Impairment of Investment	(3,77,42,980)	(3,77,42,980)
M/s JFSL - JLL (JV) - Partnership firm (Refer Note 36)	13,56,632	69,81,486
	<b>2,12,18,402</b>	<b>2,68,43,256</b>
Aggregate value of unquoted investments	<b>2,12,18,402</b>	<b>2,68,43,256</b>
Aggregate amount of impairment in value of unquoted investments	<b>3,77,42,980</b>	<b>3,77,42,980</b>

@ Snowways Laundrers & Drycleaners Private Limited is incorporated in India. The company is holding 100% equity shares as at March 31, 2021 (2020 - 100% ).

# Four Seasons Drycleaning Company Private Limited is incorporated in India. The company is holding 100% equity shares as at March 31, 2021 (2020 - 100% ).

## 5 Loans (Unsecured)

	Non -Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Loans /Advances to Subsidiaries	-	-	59,48,235	52,13,473
Security deposits considered good	99,93,705	1,19,96,705	66,06,877	54,60,821
	<b>99,93,705</b>	<b>1,19,96,705</b>	<b>1,25,55,112</b>	<b>1,06,74,294</b>

## 6 Other financial assets

	Non-Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Fixed deposit with Banks with original maturity of more than 12 months (Refer Note - 12)	11,91,225	9,13,825	-	-
Others	5,25,000	5,25,000	-	-
Less: Loss allowance	(5,25,000)	(5,25,000)	-	-
	<b>11,91,225</b>	<b>9,13,825</b>	<b>-</b>	<b>-</b>

	Non-Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Break up of financial assets carried at amortised cost</b>				
Investment in subsidiaries at cost (unquoted) (Note 4)	2,12,18,402	2,68,43,256	-	-
Trade receivables (Note 11)	-	-	44,77,551	61,37,577
Loans (Note 5)	99,93,705	1,19,96,705	1,25,55,112	1,06,74,294
Other financial assets (Note 6)	11,91,225	9,13,825	-	-
Cash and cash equivalent and other bank balances (Note 12a and 12b)	-	-	2,14,17,500	1,17,85,533
<b>Total financial assets carried at amortised cost</b>	<b>3,24,03,332</b>	<b>3,97,53,786</b>	<b>3,84,50,163</b>	<b>2,85,97,404</b>

## 7 Deferred Tax Assets (net)

	Non-Current	
	As at March 31, 2021	As at March 31, 2020
a) Deferred tax liability		
Depreciation	79,08,502	1,47,51,960
Fair value adjustments	-	-
	(A) <b>79,08,502</b>	<b>1,47,51,960</b>
b) Deferred Tax Assets		
Provision for Gratuity	40,92,897	47,38,047
Provision for Bonus	3,34,147	8,22,899
Provision for Leave Encashment	24,92,923	29,35,702
Provision for doubtful debts and advances	6,31,077	6,58,404
Unabsorbed depreciation and business losses	4,48,47,088	4,67,30,733
	(B) <b>5,23,98,132</b>	<b>5,58,85,785</b>
<b>Net Deferred Tax Assets</b>	(B-A) <b>4,44,89,630</b>	<b>4,11,33,824</b>
<b>Amount Recognised in Financials</b>	-	-
<b>Mat Credit Receivable</b>	<b>2,42,699</b>	<b>2,42,699</b>
<b>Total</b>	<b>2,42,699</b>	<b>2,42,699</b>

As per Ind AS 12, "Income Taxes", the Company would have net deferred tax assets of Rs. 4,44,89,630 (March 31, 2020 Rs.4,11,33,824 ). However in view of the business losses and unabsorbed depreciation in current year and earlier years, the net deferred tax asset are not recognised in current year, as utilisation of these assets is not readily ascertainable.

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# Jyothy Fabricare Services Limited

Notes to standalone financial Statements (Continued)  
for the year ended March 31, 2021

Amount in Rs.

8	Income tax assets (net)	Non-Current			
		As at		As at	
		March 31, 2021		March 31, 2020	
	Advance tax [Net of Provision of Rs.Nil, (2020: Rs.Nil)]	69,85,397		1,77,85,426	
		69,85,397		1,77,85,426	
9	Other Assets				
		Non-Current		Current	
		As at	As at	As at	As at
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Advance to suppliers	-	-	29,65,389	24,41,606
	Prepaid Expenses	13,94,271	28,91,637	26,30,809	17,65,358
	Balances with Government authorities	-	-	24,94,388	52,75,344
	Others	-	-	94,948	2,65,783
	Less: Provision for doubtful advances	-	-	(12,99,213)	(14,04,314)
		-	-	(12,04,265)	(11,38,531)
		13,94,271	28,91,637	68,86,321	83,43,777
10	Inventories (valued at lower of cost or net realisable value)	Current			
		As at		As at	
		March 31, 2021		March 31, 2020	
	Raw and packing materials	26,81,882		35,23,591	
	Fuel	3,61,679		2,60,392	
	Stores & Spares	12,54,778		13,21,087	
	Traded Goods	21,33,401		-	
		64,31,740		51,05,070	
11	Trade Receivables (Unsecured)	Current			
		As at		As at	
		March 31, 2021		March 31, 2020	
	- Considered good	44,77,551		61,37,577	
	- Credit impaired	11,28,006		11,28,006	
		56,05,557		72,65,583	
	Less: Loss allowance	(11,28,006)		(11,28,006)	
		44,77,551		61,37,577	
		As at		As at	
		March 31, 2021		March 31, 2020	
	Movements of provision for bad and doubtful debts				
	Balance as at beginning of the period	(11,28,006)		(11,28,006)	
	Provision no longer required write back	-		-	
	Balance as at end of the period	(11,28,006)		(11,28,006)	

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.

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# Jyothy Fabricare Services Limited

Notes to standalone financial Statements (Continued)  
for the year ended March 31, 2021

for the year ended March 31, 2021

		Amount in Rs.			
12	Cash and bank balances	Non-Current		Current	
		As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
12 (a) Cash and Cash equivalents					
Cash in hand		-	-	31,05,776	26,72,523
Balance with Banks in Current accounts		-	-	94,13,652	9,61,112
		-	-	1,25,19,428	36,33,635
12 (b) Bank balances other than cash and cash equivalents					
Deposits with original maturity for more than 3 months and maturing within 12 months*		-	-	88,98,072	81,51,898
Deposits with remaining maturity for more than 12 months*		11,91,225	9,13,825	-	-
Less Amount disclosed under other financial assets (Refer Note - 6)		(11,91,225)	(9,13,825)	-	-
		-	-	88,98,072	81,51,898
		-	-	2,14,17,500	1,17,85,533

\*Includes restricted deposits of Rs.9,589,297 (2020 - Rs.9,065,723) placed with bank as margin money, deposits for the purpose of performance guarantee and against the earnest money deposit in relation to tenders from Railway Authorities.

13 (a)	Share Capital	As at March 31, 2021	As at March 31, 2020
	<b>Authorised Capital</b>		
	23,950,000 (2020 : 17,250,000) Equity shares of face value Rs.10/- each	23,95,00,000	17,25,00,000
	6,600,000 (2020 : 13,300,000) Preference Shares of face value of Rs.10/- each	6,60,00,000	13,30,00,000
		<u>30,55,00,000</u>	<u>40,55,00,000</u>
	<b>Issued, Subscribed And Paid Up Shares</b>		
	20,550,000 (2020 : 13,050,000) Equity shares of face value of Rs.10/- each	20,55,00,000	13,05,00,000
	3,300,000 (2020 : 3,300,000) Series A Compulsorily Convertible Preference Share of face Value Rs.10/- each	3,30,00,000	3,30,00,000
		<u>23,85,00,000</u>	<u>16,35,00,000</u>

a.	Reconciliation of shares outstanding at the beginning and at the end of the reporting period	As at March 31, 2021		As at March 31, 2020	
		No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
	Equity Shares				
	At the beginning of the Period	1,30,50,000	13,05,00,000	1,30,50,000	13,05,00,000
	Issued during the year	75,00,000	7,50,00,000	-	-
	Outstanding at the end of the Period	2,05,50,000	20,55,00,000	1,30,50,000	13,05,00,000
	Series A Compulsorily Convertible Preference Share				
	At the beginning of the Period	33,00,000	3,30,00,000	33,00,000	3,30,00,000
	Outstanding at the end of the Period	33,00,000	3,30,00,000	33,00,000	3,30,00,000

## b. Terms of equity shares

The Company has one class of equity share having face value of Rs.10/- each. Each share holder is eligible for one vote per share held. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

## c. Terms of preference shares

During the year ended March 31, 2012, the Company had issued 3,300,000 Series A compulsorily convertible preference shares (CCP) of Rs.10/- each fully paid up. CCP carry cumulative dividend @ 0.001% p.a. The Series A preference shares were compulsorily convertible (conversion ratio of 1 equity share to be issued for 1 preference share held) after the expiry of seven years from the allotment date i.e. June 18, 2011 has been further extended for 7 years i.e upto June 18, 2025.

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

	As at March 31, 2021	As at March 31, 2020
<u>Jyothy Labs Limited, the holding Company</u>		
17,300,000 (2020 : 9,800,000) Equity shares of Rs.10/- each fully paid	17,30,00,000	9,80,00,000
3,300,000 (2020 : 3,300,000) Series A Compulsorily Convertible Preference Share of face Value Rs.10/- each fully paid	3,30,00,000	3,30,00,000

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# Jyothy Fabricare Services Limited

Notes to standalone financial Statements (Continued)  
for the year ended March 31, 2021

Amount in Rs.

## 13 Share Capital (Continued)

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

	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
<u>Equity Shares of Rs.10 each fully paid</u>				
Jyothy Labs Limited, the holding Company	1,73,00,000	84.18%	98,00,000	75.10%
Mr. Ullas Kamath	32,40,000	15.77%	32,40,000	24.83%
<u>Series A Compulsorily Convertible Preference Share</u>				
Jyothy Labs Limited, the holding Company	33,00,000	100.00%	33,00,000	100.00%

## 13 (b) Other Equity

### A. Other Equity consist of following :

	As at March 31, 2021	As at March 31, 2020
<b>Equity component of compound financial instruments</b>		
Balance, beginning of the year	78,97,89,394	78,97,89,394
Transfer to Retained Earning	(78,97,89,394)	-
<b>Balance, end of the year</b>	-	78,97,89,394
<b>Retained earnings</b>		
Balance, beginning of the year	(2,88,84,06,786)	(2,56,38,39,780)
Loss for the Year	(35,88,46,921)	(32,31,15,171)
Transfer from Equity component of compound financial instruments	78,97,89,394	-
Other Comprehensive Income - Re-measurement gains/(losses) of post employment benefit obligation	39,65,692	(14,51,835)
<b>Balance, end of the year</b>	(2,45,34,98,622)	(2,88,84,06,786)
<b>Amalgamation reserve account</b>		
Balance, beginning of the year	(26,17,57,208)	(26,17,57,208)
<b>Balance, end of the year</b>	(26,17,57,208)	(26,17,57,208)
<b>Securities premium</b>		
Balance, beginning of the year	46,93,00,005	46,93,00,005
On account of Conversion of Optionally Convertible preference shares into Equity shares	1,42,50,00,000	-
<b>Balance, end of the year</b>	1,89,43,00,005	46,93,00,005
<b>General reserves</b>		
Balance, beginning of the year	28,50,000	28,50,000
<b>Balance, end of the year</b>	28,50,000	28,50,000
<b>Total Other Equity</b>	<b>(81,81,05,824)</b>	<b>(1,88,82,24,595)</b>

## 14 Borrowings

	Current	
	As at March 31, 2021	As at March 31, 2020
<b>Unsecured Zero Coupon non convertible debentures</b>		
NIL (2020 : 600) Rated, Unlisted, Redeemable, Non -Convertible Debentures of Rs.Nil (2020 : Rs.1,000,000) each (Note I)	-	60,00,00,000
<b>Liability component of compound financial instruments</b>		
Optionally Convertible preference shares (unsecured) (Note II)	-	1,34,05,16,897
Unsecured Loans - Standard Chartered Investments and India Limited (Note III)	66,74,74,898	-
Jyothy Labs Limited (Note IV)	24,54,99,316	-
	<b>91,29,74,214</b>	<b>1,94,05,16,897</b>
<b>Amount disclosed under the head "other financial liabilities" (Refer Note - 17)</b>		
Unsecured Zero Coupon non convertible debentures	-	60,00,00,000
NIL (2020 : 600) Rated, Unlisted, Redeemable, Non -Convertible Debentures of Rs.Nil (2020 : Rs.1,000,000) each (Note I)	-	60,00,00,000
<b>Liability component of compound financial instruments</b>		
Optionally Convertible preference shares (unsecured) (Note II)	-	1,34,05,16,897
	-	1,94,05,16,897
	<b>91,29,74,214</b>	-

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# Jyothy Fabricare Services Limited

Notes to standalone financial Statements (Continued)  
for the year ended March 31, 2021

Amount in Rs.

## Note:

- I Debentures issued for Rs. 60 Crores are redeemable at an agreed premium calculated in range of 7 % - 11% p.a for respective period. The debenture were repayable after 3 years from the date of allotment, i.e. January 11, 2018 and had a put/call option at the end of every 6 months from the date of allotment. During the year the company has redeemed the debentures in full at premium Rs.2,51,558 on 4th June, 2020.
- II During the year, holding company, holder of 7,500,000 2% Optionally Convertible Non - Cumulative Preference Share (OCNPS) of face Value Rs.10/- each issued at a premium of Rs.190/- per share (OCNPS) has exercised the option to convert one OCNPS to one equity share of face value of Rs. 10/- each of the Company. Accordingly the 7,500,000 equity share of Rs.10/- each of the Company has been issued against 7,500,000 OCNPS held by the holding Company.
- III During the year company has availed a facility of Rs. 85 crores from Standard Chartered Investments & loans (India) Limited, for a period of 3 years at a rate 8.10% p.a as at 31st March, 2021. This loan has put/ call option at the end of 12 months from the date of disbursement and then every 6 months thereafter. Accordingly, this loan has been classified as current as at 31st March, 2021. Loan is secured by corporate guarantee given by holding company. Out of above loan amount Rs. 20 Crores has been repaid during the year.
- IV The Company has taken a short term loan for working capital requirement from its holding Company @ 10% interest rate per annum, same is repayable on demand.

## 15 Provisions

	Non - Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Provision for Leave Encashment	87,08,825	97,45,793	8,79,342	15,45,368
Provision for Gratuity (Refer Note - 27)	1,52,61,138	1,66,68,330	4,80,772	15,54,929
	<b>2,39,69,963</b>	<b>2,64,14,123</b>	<b>13,60,114</b>	<b>31,00,297</b>

## 16 Trade payables

	Current	
	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises (Refer Note 34)	18,90,766	34,55,786
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,82,07,106	2,13,87,163
	<b>2,00,97,872</b>	<b>2,48,42,949</b>

## 17 Other Financial liabilities

	Current	
	As at March 31, 2021	As at March 31, 2020
Liability component of compound financial instruments (Refer Note 14)	-	1,34,05,16,897
Unsecured Zero Coupon non convertible debentures (Refer Note 14)	-	60,00,00,000
Premium payable on redemption of Debentures	-	14,72,43,442
Loan from Partnership Firm	-	94,34,520
Creditors for capital goods	60,134	50,08,920
Security deposit	2,70,000	4,30,000
Payable Others - Employees	23,26,301	36,36,354
	<b>26,56,435</b>	<b>2,10,62,70,133</b>

For explanation on the Companies liquidity risk management policies, Refer Note 39.

Terms and conditions of the above financial liabilities:-

- 1) Trade payables are non-interest bearing and are normally settled on 30-60 days term.
- 2) Other payables are non-interest bearing and are settled within a year.
- 3) Interest payable is settled as per the term of the borrowings.

	Non - Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Break up of financial liabilities carried at amortised cost</b>				
Borrowings (Refer Note 14)	-	-	91,29,74,214	-
Trade payables (Refer Note 16)	-	-	2,00,97,872	2,48,42,949
Other financial liabilities (Refer Note 17)	-	-	26,56,435	2,10,62,70,133
<b>Total of financial liabilities carried at amortised cost</b>	<b>-</b>	<b>-</b>	<b>93,57,28,520</b>	<b>2,13,11,13,082</b>

## 18 Other liabilities

	Non - Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Statutory dues	-	-	36,31,902	27,61,147
Lease Liability (Refer Note 31)	1,91,72,742	4,24,22,612	2,50,80,740	2,40,63,109
	<b>1,91,72,742</b>	<b>4,24,22,612</b>	<b>2,87,12,642</b>	<b>2,68,24,256</b>

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**Notes to standalone financial Statements (Continued)**  
for the year ended March 31, 2021

	Year ended March 31, 2021	Amount in Rs. Year ended March 31, 2020
<b>19 Revenue from operations</b> (Refer Note - 44)		
Sale of Services (Laundry Services)	19,01,02,771	30,60,64,372
Sale of Goods	57,91,256	6,74,906
	<b>19,58,94,027</b>	<b>30,67,39,278</b>
<b>20 Other Income</b>		
Provision for doubtful debts written back	11,70,001	-
Profit on sale of current investments	-	17,33,051
Profit/Loss on Sale of Fixed Assets	2,74,433	-
Interest on fixed deposits	11,67,433	6,00,211
Interest on Income Tax refund	19,91,425	-
Interest on loans to subsidiaries	6,32,175	5,66,032
Interest on capital & loan in Partnership firm	8,41,230	28,84,116
Interest others	1,07,31,805	13,77,033
Miscellaneous income	3,53,802	1,511
	<b>1,71,62,304</b>	<b>71,61,954</b>
<b>21 Cost of services</b>		
Opening stock	29,31,211	26,28,735
Add: Cost of purchases	1,13,91,448	2,10,53,031
	<b>1,43,22,659</b>	<b>2,36,81,766</b>
Less: Closing stock	25,41,739	35,23,590
Material consumed (A)	1,17,80,920	2,01,58,176
Subcontracting charges (B)	3,00,98,329	4,62,74,901
<b>Total (A+B)</b>	<b>4,18,79,249</b>	<b>6,64,33,077</b>
<b>22 Increase/(Decrease) of Inventory</b>		
Opening Stock of Traded Goods	5,92,380	-
Less: Closing Stock of Traded Goods	21,33,401	-
	<b>(15,41,021)</b>	<b>-</b>
<b>23 Employee benefit expense</b>		
Salaries, Wages and Bonus	9,97,37,555	12,11,55,951
Contribution to Provident and other funds	55,16,770	69,47,560
Gratuity (Refer Note - 27)	34,37,728	34,82,557
Staff welfare expenses	17,20,365	42,02,959
	<b>11,04,12,417</b>	<b>13,57,89,027</b>
<b>24 Finance Costs</b>		
Interest on debt component of compound financial instruments	15,94,83,103	14,36,26,812
Other Borrowing cost - Premium on redemption of Debentures	36,91,197	6,86,30,163
Interest on lease (Refer Note - 31)	72,49,349	88,52,535
Interest on loan from partnership firm	8,00,491	37,647
Interest on loan from Holding Company	64,65,754	-
Interest on Term Loan	6,10,82,056	-
Other finance charges	17,00,000	-
	<b>24,04,71,950</b>	<b>22,11,47,157</b>

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**Notes to standalone financial Statements (Continued)**  
*for the year ended March 31, 2021*

	Year ended March 31, 2021	Amount in Rs. Year ended March 31, 2020
<b>25 Depreciation and amortisation</b>		
Depreciation of tangible assets	4,17,03,506	2,81,46,073
Amortisation of intangible assets	39,43,246	24,50,307
Depreciation of right of use assets (Refer Note - 31)	3,51,27,488	3,92,57,591
	<b>8,07,74,240</b>	<b>6,98,53,971</b>
<b>26 Other Expenses</b>		
Power and fuel consumed	1,08,53,391	1,54,71,494
Rent (Refer Note 31)	6,92,820	1,47,866
Repairs and maintenance		
-Plant & Machinery	8,40,459	29,44,714
-Others	3,84,180	9,74,528
Printing and stationery	9,15,138	12,69,595
Legal and professional fees	19,19,358	38,48,660
Rates and taxes	19,22,027	26,10,431
Advertisement and publicity	77,57,918	2,78,73,332
Travelling expenses	10,13,342	36,41,391
Vehicle expenses	43,65,432	1,31,20,334
Security charges	41,52,047	51,73,881
Water charges	9,55,248	12,94,314
Telephone, mobile, fax expenses	29,99,274	29,84,545
Office maintenance	14,94,052	16,45,464
Clothes/ Laundry damage charges	4,22,247	15,28,860
Loss on sales of fixed assets	-	2,41,951
Freight & handling charges	61,35,001	1,15,99,118
Commission on Sales	2,69,13,325	3,75,55,982
Payment to Auditors (Refer Note 30)	12,46,000	13,46,500
Advance written off	5,61,376	7,72,474
Share of loss in Partnership Firm	1,61,24,854	5,18,514
Miscellaneous expenses	32,44,700	72,29,223
	<b>9,49,12,189</b>	<b>14,37,93,171</b>

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# Jyothy Fabricare Services Limited

## Notes to standalone financial Statements (Continued) for the Year Ended March 31, 2021

27

### (I) Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India (LIC).

The following tables summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
	Gratuity Funded	Gratuity Funded
<b>(A) Summary of the Actuarial Assumptions</b>		
Mortality	IALM (2012-14) Ult	IALM (2012-14) Ult
Discount rate	6.45%	5.95%
Rate of increase in compensation	8.00%	10.00%
Withdrawal rates	9% p.a	15% p.a
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
<b>(B) Changes in present value of obligations (PVO)</b>		
PVO at beginning of period	1,92,33,863	1,59,15,410
Interest cost	11,43,608	11,32,395
Current service cost	22,87,504	24,32,596
Benefits paid	(18,86,681)	(16,98,373)
Actuarial changes arising from changes in demographic assumptions	6,56,316	4,587
Re-measurement gain /(losses) arising from changes in financial assumptions	(25,85,820)	13,49,182
Experience adjustments	(20,94,291)	98,066
PVO at end of period	1,67,54,499	1,92,33,863
<b>(C) Changes in the fair value of plan assets</b>		
Fair value of plan assets at the beginning of the period	10,10,604	9,43,475
Investment income	60,088	67,129
Benefits paid	-	-
Return on plan assets	(58,103)	-
Fair value of plan assets at the end of the period	10,12,589	10,10,604
<b>(D) Expenses recognised in the statement of profit and loss</b>		
Current service cost	22,87,504	24,32,596
Net Interest cost on the Net Defined Benefit Liability / (Asset)	10,83,520	10,65,266
Re-measurement changes recognised in the year	-	4,587
Expense recognised in the statement of profit and loss	33,71,024	34,97,862
<b>(E) Remeasurement gains/(losses) in other comprehensive income</b>		
Return on plan assets	58,103	-
Actuarial changes arising from changes in demographic assumptions	6,56,316	4,587
Re-measurement changes arising from changes in financial assumptions	(25,85,820)	13,49,182
Experience adjustments	(20,94,291)	98,066
<b>Total amount recognised in OCI</b>	<b>(39,65,692)</b>	<b>14,51,835</b>
<b>(F) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:</b>		
Investment with insurer	100%	100%

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# Jyothy Fabricare Services Limited

## Notes to standalone financial Statements (Continued) for the Year Ended March 31, 2021

### 27 Gratuity (Continued)

	Amount in Rs.	
	March 31, 2021	March 31, 2020
(G) Net Assets/(Liabilities) recognised in the balance sheet		
PVO at end of period	(1,67,54,499)	(1,92,33,863)
Fair value of plan assets at end of period	10,12,589	10,10,604
Funded status (deficit in fair value of plan assets over PVO)	(1,57,41,910)	(1,82,23,259)
<b>Net assets / (Liability) recognised in the balance sheet</b>	<b>(1,57,41,910)</b>	<b>(1,82,23,259)</b>
These defined benefit plan exposed to actuarial risk, such as longevity risk, currency risk, interest rate risk and market risk.		
Fund is Managed by LIC as per Insurance Regulatory and Development Authority guidelines, category-wise composition of the plan assets is not available.		

### (H) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The results of sensitivity analysis is given below:

		Amount in Rs.	
Particulars	March 31, 2021	March 31, 2020	
Defined Benefit Obligation (Base)	1,67,54,499	1,92,33,863	
Particulars	As at March 31, 2021		As at March 31, 2020
	Decrease	Increase	Decrease
Discount Rate (-/+ 1%)	1,82,34,448	1,54,62,128	2,05,64,089
(% change compared to base due to sensitivity)	8.80%	-7.70%	6.90%
Salary Growth (-/+ 1%)	1,54,68,344	1,81,97,424	1,80,79,972
(% change compared to base due to sensitivity)	-7.70%	8.60%	-6.00%
Attrition Rate (- / + 50% of attrition rate)	1,76,04,098	1,62,29,237	2,23,63,820
(% change compared to base due to sensitivity)	5.10%	-3.10%	16.30%
Mortality Rate (- / + 10% of mortality rate)	1,67,57,315	1,67,51,689	1,92,38,700
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%

### (I) Asset Liability Matching Strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk to the extent of the funds available. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which could result in a increase in liability without corresponding increase in the asset).

### (J) Effect of Plan on Entity's Future Cash Flows

#### a) Funding arrangements and Funding Policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

#### b) Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cashflows) is 6 years

Expected cash flows over the next (valued on undiscounted basis)	Rs.
1 year	14,93,361
2 to 5 years	64,39,501
6 to 10 years	75,84,887
More than 10 years	1,61,64,483

#### c) The Company expects to contribute Rs. Nil (2020- Rs. Nil) to gratuity fund.

### (II) Provident and other funds

The Company Contributed Rs.55,16,770 and Rs.69,47,560 to the employee provident fund during the years ended March 31, 2021 and March 31, 2020, respectively and same has been recognized in the Statement of Profit and Loss under the head employee benefit expense.



# Jyothy Fabricare Services Limited

## Notes to standalone financial Statements (Continued)

for the Year Ended March 31, 2021

### 28 Segment Reporting

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

During the year March 31, 2021 and March 31, 2020, no single external customer has generated revenue of 10% or more of the Company's total revenue.

### 29 Related Party Disclosures

#### a) Parties where control exists:-

Holding Company

Jyothy Labs Limited

Wholly Owned Subsidiaries

Four Seasons Drycleaning Company Private Limited

Snoways Laundrers & Drycleaners Private Limited

Partnership Firm

M/s JFSL - JLL (JV)

#### b) Individual having substantial interest

K Ullas Kamath (Director)

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

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

	Amount in Rs.	
	March 31, 2021	March 31, 2020
<b>Jyothy Labs Limited (JLL)</b>		
Purchase of miscellaneous items	1,95,000	2,84,830
Laundry services provided (Excluding service tax/ goods and service tax)	15,19,000	-
Reimbursement of expenses (Net)	25,17,223	35,84,318
Loan taken	24,00,00,000	-
Interest on Loan taken	64,65,754	-
<b>Four Seasons Drycleaning Company Private Limited</b>		
Rent income	16,538	66,150
Laundry Service Charges	9,05,000	-
<b>Snoways Laundrers &amp; Drycleaners Private Limited</b>		
Sub-lease charges	60,000	60,000
Advances Given	1,50,000	-
Interest income	6,32,175	5,66,032
<b>M/s JFSL - JLL (JV)</b>		
Capital Contribution (net)	1,05,00,000	-
Repayment of capital contribution (net)	-	4,28,63,155
Sale of fixed asset	-	20,323
Rent on plant & machinery	60,000	1,80,000
Reimbursement of salary cost	-	1,80,00,000
Amount borrowed / (Repaid)	(94,34,520)	93,96,873
Interest expense	8,00,491	37,647
Interest income	8,41,230	28,84,116
(Loss) / Profit in partnership firm	(1,61,24,854)	(5,18,514)

#### d) Related Parties Balances

	As at March 31, 2021	As at March 31, 2020
Corporate Guarantees given by JLL for borrowing on behalf of the Company	66,74,74,898	60,00,00,000
<b>Amount Receivable:-</b>		
i Snoways Laundrers & Drycleaners Private Limited	59,48,235	52,13,473
ii JFSL - JLL (JV)	4,73,415	-
<b>Amount Payable:-</b>		
i JFSL - JLL (JV)	-	94,34,520
ii Jyothy Labs Limited	24,54,99,316	1,34,05,16,897

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# Jyothy Fabricare Services Limited

## Notes to standalone financial Statements (Continued)

for the Year Ended March 31, 2021

Amount in Rs.

### 30 Supplementary information

#### Payments to auditors (Excluding GST)

##### Particulars

##### As Auditors

	March 31, 2021	March 31, 2020
- Audit fees	9,00,000	7,00,000
- Tax audit fees	3,00,000	6,46,500
- Reimbursement of expenses	46,000	-
	<b>12,46,000</b>	<b>13,46,500</b>

### 31 In case of assets taken on lease

- a The Company has entered into Lease agreements for premises, which expire at various dates over the next 6 years. Certain agreements provide for increase in rent. All lease agreements are cancellable except in case of few agreements wherein there is a lock in period in the range of 11 months to 3 years.

The Company also has certain leases of Premises for outlets with lease terms of 12 months or less. The company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Carrying amounts of right-of-use assets recognised and the movements during the period:

Refer note : 3b

- b Carrying amounts of lease liabilities and the movement during the period

	Building
As at April 1, 2020	6,64,85,721
Additions	1,14,07,694
Accretion of interest	58,92,613
Payments	(3,95,32,546)
As at March 31, 2021	4,42,53,482
Current	2,50,80,740
Non current	1,91,72,742

The maturity analysis of lease liabilities is disclosed below:

Maturity analysis of contractual undiscounted cash flow	Rs.
Less than 1 year	2,50,80,740
1 to 2 years	1,43,23,783
2 to 3 years	66,58,387
3 to 4 years	31,26,705
4 to 5 years	11,72,584
More than 5 years	15,41,479
Total undiscounted lease liabilities	5,19,03,678

### c Total cash outflow

The Company has a total cash flows for leases of Rs.30,850,297 (including short term leases) in March 31, 2021 (March 31, 2020 - Rs.42,920,151). The Company also had non cash additions to right to use assets and lease liabilities of Rs.11,407,694 in March 31, 2021 (March 31, 2020 - Rs. 100,920,310).

### d Lease commitments for leases accounted as short term lease

The company is committed to Rs. 692,820 (March 31, 2020- Rs. 147,866) for short term leases.

- e The difference between lease liabilities as at April 1, 2019 and operating lease commitments as of March 31, 2019 is due to discounting of long term lease liabilities and lease payments relating to renewal periods not included in operating lease commitments.

### f Impact of adoption Ind AS 116

Impact on adoption of Ind AS 116	April 1, 2020 to March 31, 2021	April 1, 2019 to March 31, 2020
(A) Reduction in Rent expenses	(3,95,32,546)	(4,27,72,285)
(B) Increase in Depreciation	3,51,57,983	3,92,57,591
(C) Increase in Interest expenses	72,49,349	88,52,535
(D) Decrease in Profit before tax	28,74,786	53,37,841

### In case of assets given on lease

The Company has leased out few of its premises on operating lease for part of the year. Lease rent income for the year ended March 31, 2021 was Rs. 16,538 (March 31, 2020 - Rs. 66,150).

### 32 Capital Commitments

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
Other commitments (Refer note 31d)	6,92,820	1,47,866
	<b>6,92,820</b>	<b>1,47,866</b>

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# Jyothy Fabricare Services Limited

## Notes to standalone financial Statements (Continued)

for the Year Ended March 31, 2021

Amount in Rs.

### 33 Contingent Liabilities

	As at March 31, 2021	As at March 31, 2020
Liability where Outflow of economic resources is not probable :		
i) Custom duty for F.Y 2007-08 to F.Y 2009-10	1,11,143	1,11,143
	<u>1,11,143</u>	<u>1,11,143</u>

### 34 Micro and Small Enterprises

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

The disclosure pursuant to the said Act is as under :

	As at March 31, 2021	As at March 31, 2020
Principal amount due to suppliers under MSMED Act	18,90,766	34,55,786
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	-	-
Interest paid to suppliers under the MSMED Act	-	-
Interest due and payable towards suppliers under MSMED Act towards payment already made	-	-
Interest accrued and remaining unpaid at the end of accounting year	-	-

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

### 35 Earning Per Share (EPS)

	As at March 31, 2021	As at March 31, 2020
Loss as per statement of Profit and Loss	(35,88,46,921)	(32,31,15,171)
Less - Dividend on Cumulative preference share	(4,950)	(4,950)
Less - Dividend Tax	-	(1,018)
Net Profit & Loss for calculation of EPS	<u>(35,88,51,871)</u>	<u>(32,31,21,139)</u>
Weighted average number of equity shares outstanding during the year in calculating basic EPS	1,31,39,589	1,30,50,000
Weighted average number of equity shares in calculating diluted EPS *	1,31,39,589	1,30,50,000
Basic & Diluted EPS (Rs.)	(27.31)	(24.76)

\* Potential Equity Shares are anti-dilutive.

### 36 Details of investments in partnership firm

	Share in Profit /Loss ( % )	
Name of Partner	As at March 31, 2021	As at March 31, 2020
Jyothy Fabricare Services Limited	75.00%	75.00%
Jyothy Labs Limited	25.00%	25.00%
Total capital of the firm	18,08,843	93,08,648

### 37 Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone 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.

#### 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 standalone 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

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# Jyothy Fabricare Services Limited

## Notes to standalone financial Statements (Continued)

for the Year Ended March 31, 2021

### 37 Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone 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.

#### 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 standalone 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.

#### a Impairment of non-financial assets, Investment in subsidiaries and Goodwill

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 Discounted cash flow (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.

#### b 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.

#### c Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other long term leave benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

#### d Leases

The application of Ind AS 116 requires company to make judgements and estimates that affect the measurement of right-of-use assets and liabilities. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The Company has adopted average borrowing rate as its incremental borrowing rate (IBR).

#### e Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.



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# Jyothy Fabricare Services Limited

## Notes to standalone financial Statements (Continued)

for the Year Ended March 31, 2021

### 38 Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Amount in Rs.			
	Carrying values / Fair values			Total
	FVTPL	FVTOCI	Amortised Cost	
<b>As at March 2021</b>				
<b>Financial Assets</b>				
Deposits	-	-	1,66,00,582	1,66,00,582
<b>Total</b>	-	-	1,66,00,582	1,66,00,582
<b>Financial Liabilities</b>				
Borrowings	-	-	91,29,74,214	91,29,74,214
<b>Total</b>	-	-	91,29,74,214	91,29,74,214
<b>As at March 2020</b>				
<b>Financial Assets</b>				
Deposits	-	-	1,74,57,526	1,74,57,526
<b>Total</b>	-	-	1,74,57,526	1,74,57,526
<b>Financial Liabilities</b>				
Borrowings	-	-	2,08,77,60,339	2,08,77,60,339
<b>Total</b>	-	-	2,08,77,60,339	2,08,77,60,339

The management assessed that fair value of cash and cash equivalents, trade receivables, current loans to subsidiaries, current deposits and other financial assets, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term receivables/advances given are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The fair value of borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The same would be sensitive to a reasonably possible change in the forecast cash flows or the discount rate. There are no unobservable inputs that impact fair value.



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# Jyothy Fabricare Services Limited

## Notes to standalone financial Statements (Continued) for the Year Ended March 31, 2021

### 39 Financial risk management objectives and policies

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The senior management is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

#### A. Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

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

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

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

	Amount in Rs.		
	Less than 1 Year	1 to 5 years	5 years and above
<b>As at March 31, 2021</b>			
Borrowings	91,29,74,214	-	-
Other financial liabilities	26,56,435	-	-
Trade payables	2,00,97,872	-	-
	<b>93,57,28,521</b>	<b>-</b>	<b>-</b>
<b>As at March 31, 2020</b>			
Borrowings	-	-	-
Other financial liabilities *	2,10,62,70,133	-	-
Trade payables	2,48,42,949	-	-
	<b>2,13,11,13,082</b>	<b>-</b>	<b>-</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 18), the same has been presented as current maturity in the standalone financial statements.

#### B. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits.

##### Interest rate risk

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

##### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign currency risk as at the respective reporting dates.

##### Price risk

The Company is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments.

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# Jyothy Fabricare Services Limited

## Notes to standalone financial Statements (Continued) for the Year Ended March 31, 2021

### 39 Financial risk management objectives and policies (Continued)

#### C. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and other financial assets.

##### Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major trade receivables.

##### Other financial assets

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only in highly marketable debt instruments with appropriate maturities to optimise the cash return on instruments while ensuring sufficient liquidity to meet its liabilities.

### 40 Capital management

For the purpose of the Company capital management, capital includes issued equity capital and other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

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

Amount in Rs.		
	March 31, 2021	March 31, 2020
Borrowings (Note 15 and 18)	91,29,74,214	2,08,77,60,339
Trade payables (Note 17)	2,00,97,872	2,48,42,949
Less: cash and cash equivalents, other bank balances and mutual funds	(2,14,17,500)	(1,17,85,533)
<b>Net debt</b>	<b>91,16,54,586</b>	<b>2,10,08,17,755</b>
Equity	23,85,00,000	16,35,00,000
Equity component of optionally convertible preference shares	-	78,97,89,394
<b>Total capital</b>	<b>23,85,00,000</b>	<b>95,32,89,394</b>
Capital and net debt	1,15,01,54,586	3,05,41,07,149
Gearing ratio	79%	69%

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

### 41 Income Tax

For the year ended March 31, 2021 and March 31, 2020, the Company has a taxable loss and a book loss and accordingly current tax is Nil. Further, the Company has recognised deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. Accordingly, deferred tax assets (net) as at the balance sheet date is Rs.2,42,699 as at March 31, 2021 and March 31, 2020.

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# Jyothy Fabricare Services Limited

## Notes to standalone financial Statements (Continued)

for the Year Ended March 31, 2021

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

Amount in Rs.

#### a Movement in above mentioned deferred tax assets and liabilities

Particulars	As at 31st March 2019	Recognised in statement of profit and loss and other comprehensive income	As at 31st March 2020	Recognised in statement of profit and loss and other comprehensive income	As at 31st March 2021
<b>Deferred tax assets /(liability)</b>					
Depreciation	(1,45,37,361)	(2,14,599)	(1,47,51,960)	68,43,458	(79,08,502)
Fair value adjustments	(3,00,188)	3,00,188	-	-	-
Deferred Tax Assets					
Provision for Gratuity	38,92,703	8,45,344	47,38,047	(6,45,150)	40,92,897
Provision for Bonus	8,66,771	(43,872)	8,22,899	(4,88,752)	3,34,147
Provision for Leave Encashment	25,29,302	4,06,400	29,35,702	(4,42,779)	24,92,923
Provision for doubtful debts and advances	15,29,613	(8,71,210)	6,58,403	(27,326)	6,31,077
Unabsorbed depreciation and business losses	5,03,81,041	(36,50,308)	4,67,30,733	(18,83,645)	4,48,47,088
<b>Deferred tax assets/(liabilities)(net)*</b>	<b>4,43,61,881</b>	<b>(32,28,057)</b>	<b>4,11,33,824</b>	<b>33,55,806</b>	<b>4,44,89,630</b>

\* Net deferred tax asset is not recognised, as utilization of these assets is not readily ascertainable and therefore there is no charge or credit taken to statement of profit or loss in both years.

#### b Effective tax reconciliation

Particulars	As at 31st March 2021	As at 31st March 2020
Loss before tax	(35,88,46,921)	(32,31,15,171)
Tax rate	26.00%	26.00%
<b>Expected tax expense (A)</b>	<b>(9,33,00,200)</b>	<b>(8,40,09,945)</b>
Tax on non deductible expenses for tax purpose	1,64,12,349	94,89,530
Tax on expenses deductible for tax purpose	(97,22,672)	(1,00,81,682)
Tax effect on IND AS adjustments	4,18,52,371	3,83,72,781
Tax on income from income under other heads	(88,937)	1,34,408
Deferred tax on unabsorbed depreciation and business loss	4,48,47,088	4,60,94,907
<b>Total adjustments (B)</b>	<b>9,33,00,200</b>	<b>8,40,09,945</b>
<b>Actual tax expense (C=A+B)</b>	<b>-</b>	<b>-</b>
<b>Tax expense recognised in statement of profit and loss (D)</b>	<b>-</b>	<b>-</b>

#### c Summary of unrecognised deferred tax assets

Particulars	As at 31 March 2021		As at 31 March 2020	
	Gross Amount	Tax	Gross Amount	Tax
Tax Losses	1,59,13,79,477	41,37,58,665	1,61,18,81,921	41,90,89,300

#### d Breakup of tax losses & unabsorbed depreciation

Particulars	As at 31 March 2021		Expiry Date (Assessment Year)	As at 31 March 2020		Expiry Date (Assessment Year)
	Gross amount	Unrecognised Tax effect		Gross amount	Unrecognised Tax effect	
Brought forward losses (allowed to carry forward for specific period )	21,22,14,881	5,51,75,869	2022-23	19,29,91,243	5,01,77,723	2021-22
Brought forward losses (allowed to carry forward for specific period )	16,68,63,129	4,33,84,414	2023-24	21,22,14,881	5,51,75,869	2022-23
Brought forward losses (allowed to carry forward for specific period )	10,22,85,491	2,65,94,228	2024-25	16,68,63,129	4,33,84,414	2023-24
Brought forward losses (allowed to carry forward for specific period )	11,33,64,913	2,94,74,877	2025-26	10,22,85,491	2,65,94,228	2024-25
Brought forward losses (allowed to carry forward for specific period )	13,47,44,635	3,50,33,605	2026-27	11,33,64,913	2,94,74,877	2025-26
Brought forward losses (allowed to carry forward for specific period )	15,15,06,749	3,93,91,755	2027-28	13,47,44,635	3,50,33,605	2026-27
Brought forward losses (allowed to carry forward for specific period )	14,39,17,155	3,74,18,460	2028-29	15,15,06,749	3,93,91,755	2027-28
Brought forward losses (allowed to carry forward for specific period )	14,11,69,583	3,67,04,092	2029-30	14,39,17,155	3,74,18,460	2028-29
Unabsorbed depreciation	42,53,12,941	11,05,81,365	NA	39,39,93,725	10,24,38,369	NA
	<b>1,59,13,79,477</b>	<b>41,37,58,665</b>		<b>1,61,18,81,921</b>	<b>41,90,89,300</b>	

9/11/21



## Notes to standalone financial Statements (Continued)

for the Year Ended March 31, 2021

### 43 Impact of Coronavirus Outbreak (COVID-19)

The Company's management has made initial assessment of likely impact of the COVID-19 pandemic on the business based on internal and external sources of information including economic forecasts, measures being undertaken by Government and expected GDP growth. The management believes while COVID-19 may adversely impact the business in the short-term, it does not anticipate material medium to Long-Term risks to the business

COVID-19 pandemic caused unprecedented economic disruption globally and in India. The Company responded very sensibly in handling the impact of the pandemic on human life as well as on businesses across its geographic presence in India. The Company monitored the situations very closely and had taken proactive measures to comply with various direction / regulations / guidelines issued by Central / State Government and local bodies to ensure safety of its workforce across all its plants, outlets and offices. After the completion of Central Government's country wide Lock down on 3rd May 2020, State Government started relaxation gradually and allowed to open business with riders/restrictions. The Company recommenced its operations and could recoup 64% of its FY 20 revenue during FY 21. Owing to the impact of COVID 19 on the current year's performance of the Company, it has taken the below mentioned measures to ensure the operations are brought back to normalcy and recovery of volumes in its revenues:

- 1 **Safeguarding health of Employees:** The Company have successfully vaccinated all frontline and operation staff. Campaign "We are vaccinated" communicated and explain to customers.
- 2 **Relaunch Fabricspa:** It is essential to understand change in consumer habits and expectations after the impact of the crisis. Therefore, the Company carried out a survey and found that 86% respondent have agreed to outsourced laundry when there is strict sanitized protocol. Immediately the Company started working on relaunch map city by city – area by area to prioritize recovery opportunities. The recovery timelines were determine for each location in terms of washing (in-house v/s outsourcing), logistic, marketing and sales efforts.
- 3 **Providing customer safety guarantees that restore trust:** The Company has designed a safe experience for customers by introducing new practices such as contact less pick-up – payments – delivery, provision of sanitizer at retail outlets, temperature checking of staff etc.
- 4 **Reviving Demand:** Since few competitors closed their operations due to COVID, the Company is working through various campaign to increase the customer base including extensive use of the digital channel.
- 5 **Rebooting Operation and supply chain:** During this highly volatile uncertain environment, it is very much important to make operations more flexible. Therefore, loads are reviewed on daily basis to implement adoptable production program across washing facilities and logistic arrangements.
- 6 **Shifting IT and Technology to restart mode:** The Company accelerated digital transformation to serve customers and employee needs. On the customer side, end-to-end processes are integrated with POS which customer can experience the digital journey. For example, we have introduced "FABCLIQ" APP to capture images of each garment at the time of picking up the garments, at the same time we have introduced another tech driver called "FABEXPRESS" APP which helps the logistic team to schedule pick and delivery of garments. The IT projects are now done mostly in-house to reduce development cost. Laptops and tech supports are given to employees to interact with customer through secure and recorded channel to interact with
- 7 **Value creation from crisis and reinvesting on recovery:** We were able to provide services to limited customers even during lockdowns. We have been working on resizing the team, streamlining process to make business model more flexible.  
Management is also exploring other opportunities to leverage the existing business model and expects to recoup revenues to achieve normal operations once the pandemic related restrictions are lifted

### 44 Ind AS 115 : Revenue from Contracts with Customers

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

	Amount in Rs.	
	April 1, 2020 to March 31, 2021	April 1, 2019 to March 31, 2020
Gross Sales	(22,53,73,765)	(34,13,29,861)
Less : Schemes and Discounts	2,94,79,738	3,45,90,584
Net Sales	(19,58,94,027)	(30,67,39,278)

#### b Disaggregation of revenue-Segment wise

Based on management approach as defined in Ind AS 108 - Operating Segments, the company operates in only one reportable segment, thus the disclosure requirement with respect to in disaggregation of revenue under Ind AS 115 Revenue from Contracts with Customers is not applicable.

PKM



## Notes to standalone financial Statements (Continued)

for the Year Ended March 31, 2021

- 45 The Board of Directors of the Company at its meeting held on February 5, 2020 approved the proposed Amalgamation between the wholly owned subsidiaries viz. Snowways Launderers & Drycleaners Private Limited (First Transferor Company) and Four Seasons Drycleaning Company Private Limited (Second Transferor Company) with its Holding Company viz. Jyothy Fabricare Services Limited (the Transferee Company) along with the Draft Scheme of Amalgamation, subject to approvals of the shareholders, Creditors, National Company Law Tribunal and other statutory authorities. The Board of Directors of the Company has also approved the appointed date as April 1, 2019 for the purpose of the said Amalgamation. The said proposal for Amalgamation and the draft Scheme of Amalgamation has received its consent from the shareholders and the creditors of the Company. A Joint Petition has been filed by the Second Transferor Company and the Transferee Company before the National Company Law Tribunal, Bench, at Mumbai for seeking their approval to the said Amalgamation. Based on the aforesaid Joint Petition, the Hon'ble National Company Law Tribunal, Mumbai Bench have sanctioned the Scheme of Amalgamation between Four Seasons Drycleaning Company Private Limited (Second Transferor Company) with Jyothy Fabricare Services Limited (the Transferee Company) vide their order dated February 16, 2021. Since the registered office of the First Transferor Company is in Bangalore, Karnataka, the Petition has been filed before the Hon'ble National Company Law Tribunal, Bench, at Bangalore for seeking their approval to the said Amalgamation.
- 46 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these standalone financial statements since the requirement does not pertain to financial year ended 31 March 2021.

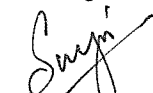
### Notes 1 to 46

As per our report of even date

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

Chartered Accountants

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



**Sreeja Marar**

Partner

Membership No: 111410

Place: Mumbai

Date: 18/05/2021

For and on behalf of the Board of Directors of

**Jyothy Fabricare Services Limited**

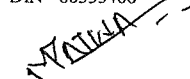
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**M. P. Ramachandran**

Chairman and Managing Director

DIN - 00553406



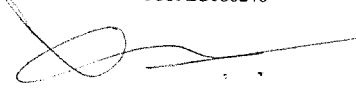
**Mayank Patwa**

Company Secretary

M.No. A42480

Place: Mumbai

Date: 18/05/2021



**K. Ullas Kamath**

Director

DIN - 00506681



**Pinkesh Bansal**

Chief Financial Officer

M.No. 121387

