



**UJALA**

July 25, 2016

To,

**Bombay Stock Exchange Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 023.

By Hand- Delivery

By email at corp.relations@bseindia.com

Scrip Code: 532926

**National Stock Exchange of India Limited**

Exchange Plaza, Bandra Kurla Complex,  
Bandra (East),  
Mumbai - 400051

By Hand- Delivery

By email: cmlist@nse.co.in

Scrip Code: JYOTHYLAB

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**Sub: Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Submission of Annual Report of the Company for the financial year 2015-16**

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Dear Sirs,

With reference to captioned subject, please find attached herewith Annual Report of the Company for Financial Year 2015-16 as adopted by the shareholders at 25<sup>th</sup> Annual General Meeting of the Company held on July 21<sup>st</sup> 2016.

Kindly take the above on your record and oblige.

Thanking you,

Yours faithfully,

for **Jyothy Laboratories Limited**



**Shreyas Trivedi**  
**Head- Legal & Company Secretary**

Encl : A/a.



# Made in India. Made for India.

Insights  
Ideas  
Impact

Annual Report 2015 16



# This year's report



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## Stay informed.

This year's report is complemented by a range of online information and resources:



<http://www.jyothylaboratories.com/>

Key sections include About Us, Our Brands, Investor and Media Centre.



Investor Centre

Visit the Investor Centre and Media Centre on our corporate website to stay up-to-date on **Jyothy Laboratories'** results, latest press releases, presentations, conference call transcripts, quarterly results and code of conduct.



Annual Report site

[annualreport2016/jyothylaboratorieslimited.com](http://annualreport2016/jyothylaboratorieslimited.com)

Visit our online annual report site. Each section of the annual report can be downloaded in pdf format.





From a humble family-owned business in 1983 from Kerala to a national corporate house in 2016, Jyothy Laboratories Limited has been driven by one vision: giving Indians the best in the world.

With each offering made to the consumer, we hope to instil a sense of pride and wellbeing. We understand this billion-strong population, and everything we do creates a stronger connection with the country.

EVERY MOMENT, WE  
ARE GRATEFUL FOR  
THIS RELATIONSHIP  
OF DEEP AND  
COMPLETE TRUST.

# The World of Jyothy Laboratories



WE HAVE OFFERINGS IN FABRIC CARE, DISH WASH, HOUSEHOLD INSECTICIDE AND PERSONAL CARE. OUR BRANDS ARE HOUSEHOLD NAMES SUCH AS UJALA, HENKO, EXO, PRIL, MAXO AND MARGO.





### OUR BUSINESS

Jyothy Laboratories Limited is in the business of meeting the everyday needs of consumers by creating well-packaged and technologically advanced products in four segments of the fast-moving consumer goods industry. We have offerings in fabric care, dish wash, household insecticide and personal care. Our brands are household names such as Ujala, Henko, Exo, Pril, Maxo and Margo. We are also in the business of laundry services.



### OUR ORGANISATION

With a market capitalisation in excess of ₹ 5,200 crore as on March 31, 2016, and total sales of ₹ 1,644.73 crore, the Company's operations are spread across the length and breadth of the country, comprising 24 manufacturing facilities across 14 locations, two research and development centres, and 5,500 committed employees.



### OUR INSPIRATION

We do not follow. We lead. Every product launched by the Company is backed by cutting-edge ideas and innovation in the industry. With that strategy and intent, all our brands have become profitable in the shortest possible time.

Our sustained success has come from never losing sight of the main purpose: to make life better, happier for the common man – or in our case, the common woman, as she was the consumer of our first product, Ujala.

## 1

## OUR BIG MOMENT

A watershed moment came in 2011, with the acquisition of the controlling stake in Henkel India Limited, the local arm of the German FMCG giant. This was more than a business deal. It was a matter of great pride that we had the reach and resources to accomplish this. More significantly, we were the first major Indian player to acquire a foreign company's consumer business in this country.



## OUR STRATEGY

Jyothy Laboratories has a clear strategic intent: we want to focus on strengthening our position as manufacturer of superior products, with brands that are backed by strong investments. Brand innovation, targeted messaging, re-launching and repackaging brands to keep in tune with the evolving consumer has helped us grow.



## OUR PATH TO GROWTH

Three elements have helped us on our journey. First, the voice of the consumer – we listen and gather genuine insights; second, our process efficiency – we drive end-to-end efficiencies across our value chain; and third, our organisation-building capabilities. All of this has helped us strengthen our presence on ground and in the market place.



## OUR NETWORK

Jyothy Laboratories today covers about 0.6 million direct sales outlets across the country through our sales team and 1 million outlets through stockists. Our products like Ujala Fabric Whitener is available in 2.9 million retail outlets. Our priority is deeper and wider penetration into the most promising markets. Besides making the products available in more places, the sales network focus is on reaching the right stores. We build relationships with outlets that are best placed to give us access to the target consumers for specific brands. This brings the maximal return on the investment in distribution network. Also, changes in logistics now allow for a much shorter transit time, enabling us to quickly replenish stocks in these sales outlets whenever required.



## OUR REACH

We connect with sales outlets through an aggressive 'feet on street' strategy, which pays off handsomely. Today, our 1,978-strong sales force has ensured that our products are available across more than 1,400 stockists, 260 super-stockists and 4,000 sub-stockists, and that we can reach out to the smallest of urban and rural towns. In 2015-16, we added 42,200 more rural outlets over the previous year's figure. Increased coverage and a go-to-market strategy for rural centres are expected to help us sustain growth.



## OUR PEOPLE

We are a company that puts the best people in the right jobs. Our highly experienced senior executives make Jyothy Laboratories more competitive, drive new product developments and chart a growth path. At every level, there is top-down training and grooming for higher roles. Employees receive continuous guidance in technical, functional and leadership skills. Our sales force, affectionately called the 'white army', has a thorough knowledge of territories. Passion, creativity, speed and hard work sum up our work culture. We have the industry's best human resource practices, making every employee feel like family.



## OUR PROMISE

Right price points for products, convenient packaging, extensive distribution, and strategic communication are the four defining aspects of our business. We focus on simple, strong, sincere ways of serving consumers.



## OUR USP

In a world of business rules, Jyothy Laboratories is an exception. We have proved 'the power of small' – small insights leading to big ideas and amazing impact.

**WE HAVE PROVED  
 'THE POWER OF SMALL'  
 - SMALL INSIGHTS  
 LEADING TO BIG IDEAS  
 AND AMAZING IMPACT.**





## Our Story in Numbers



**1 million**

Outlets reached through stockists



**0.6 million**

Outlets reached through direct sales team



**24**

Manufacturing clusters across India



**1,978**

Sales team members ensuring Jyothy Laboratories' products are available across India



**263%**

Growth in net revenues from 2011 to 2016, CAGR of 21.3% over 5 years



# Made in India. Made for India.



## Insights Ideas Impact

‘MAKE IN INDIA’ IS THE  
BIGGEST BRAND THIS  
COUNTRY HAS EVER  
CREATED.



It has drawn the world's attention to Indian manufacturing capabilities and its R&D prowess; the power of exceptional quality products and brilliant minds that can visualise infinite possibilities; innovative ideas, solutions and skills that only need the fuel of good policy and investment to rocket upwards.

We at Jyothy Laboratories Limited began our journey down that road more than three decades ago. Since inception, our philosophy was firmly rooted in the belief that we can make the best products we set our hearts and minds

on, and that they will be made to fulfil every Indian's needs and desires.

Driven by this ambitious goal, every day, we put all our passion, capital, blood and sweat into creating products that are best in their class and promise to make a lasting difference to the lives of Indians, give them something no one has given before.

Translating our vision into reality is our triple 'T' approach – Insights, Ideas, Impact – to business: generating sharp, incisive insights that come from the very

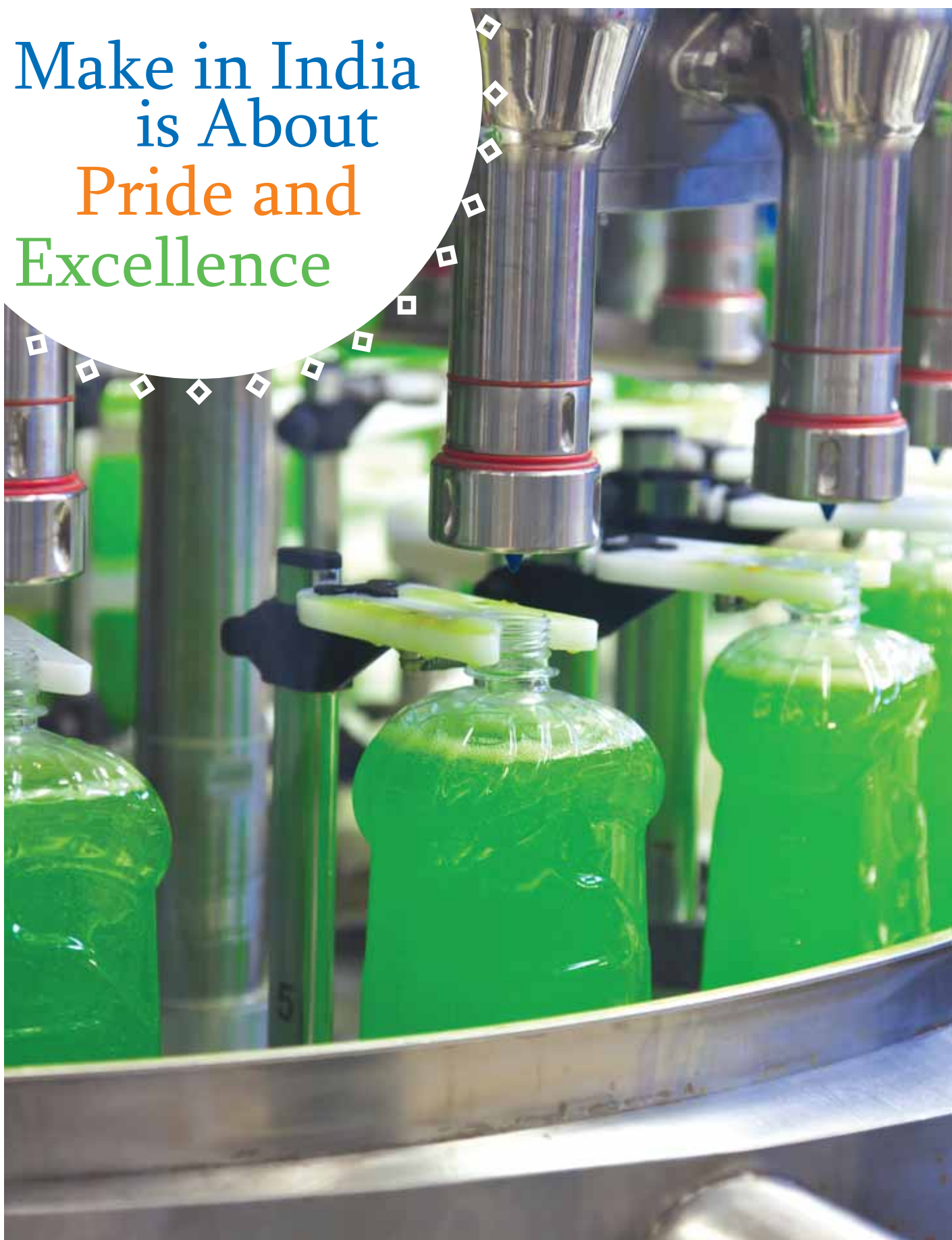
close relationship we build with our consumers, listening to them, seeing things like they do; converting these insights into solutions that are useful, unique and unparalleled; and ensuring that a positive impact comes from the unprecedented value we put into every product, every day, every minute.

Jyothy Laboratories has been on a mission from the very first day.

**Our mission now mirrors a national initiative.**



# Make in India is About Pride and Excellence





Best-in-class manufacturing infrastructure and world-class products. That is India's mantra in this century. The blueprint for making this country a global manufacturing destination has been created. Pride in our capabilities and our products is rising. Together, we must seize the day.



For Indian manufacturing to achieve supremacy on the global landscape, excellence is the only key. We must develop new technologies and augment our manufacturing prowess to international standards. The emphasis has to be upon zero defects in production and zero impact on the environment.

Jyothy Laboratories has invested in this from the very first day; this is what makes us different. Always manufacturing in-house ensures strict quality control, and the deployment of the right processes makes our products environment-friendly. Our strong focus on quality has led us to integrate Quality Module in our ERP systems. Periodic audits at plants, quality control audits at third-party locations, and documentation of lab practices in the Quality Manual are the other methods adopted to ensure our products score high on the quality parameter.

Lean engineering, automation, capacity de-bottlenecking has helped us to reinforce effectiveness in our operations. Through consolidation of our manufacturing units, we have simplified the process of sourcing and procurement. Additionally, we have reaped efficiency gains due to the benefits of scaling production.

The key to producing excellence, day after day, year after year is through continual investments in research and development. The results of our R&D efforts are manifested in our strong product innovation pipeline.

Manufacturing units in India should become centres of excellence – they should not only produce goods, but produce world-class goods that are unbeatable value for money. With strong conviction in our manufacturing strengths, we are confident of a bigger and brighter tomorrow.



# Make in India is About Digital India



It used to be said that knowledge is power. That remains true, but in this century, digitisation is power. Digitisation is, indeed, the channel through which knowledge flows in abundance. It is the lifeline of modern industry, the foundation of skill-building, and the enabler of a level playing ground.



The government's digital policy aims to empower Indians. Harnessing technology can give them access to greater employment and skill development opportunities. Digital tools can connect trained tradespeople and small entrepreneurs with the right clients and markets. In governance, digitisation removes bottlenecks, facilitating start-ups, letting business owners devote their energies to productive work. The overarching purpose is to turn India into a digitally empowered society and knowledge economy.

Jyothy Laboratories has made optimal use of technology for a range of functions, in particular, human resource development and deeper market reach. Digitisation has helped us streamline administrative functions, letting employees speedily carry out procedures through a self-servicing platform. Digital records of employee appraisals have increased the visibility of outstanding

performers, accelerating career advancement. With the errors resulting from human intervention minimised, the employee satisfaction rate has spiralled upwards.

The ultimate positive outcome of any digital initiative is to fulfil the human potential. Investment in technology is really about investment in people. Just the reason why automation at the manufacturing units is meant to make our products perfect, but never to downsize manpower.

The digital world knows no limits, just like human potential. We are confident that through one, we can unleash the other.





# Make in India is About Inclusive Growth



If India is to rise and rise some more, no one can be left behind. There is a treasure trove of talent waiting to be discovered everywhere, in the remotest corners of the country. Women, in particular, can become the strongest growth drivers of this economy. In our march forward, everyone must walk to the same rhythm.



The cornerstone of the state policy is to take progress to every nook and cranny of the country, to help people in myriad little ways. Villagers are getting more targeted subsidies and women entrepreneurs are promised access to easier loans. Inclusive growth is about raising the standard of living through financial inclusion and rural employment schemes.

The core belief of Jyothy Laboratories is that Indian corporate houses must go to the rural areas and create jobs. Women's inclusion is a fundamental of the Company policy. At the manufacturing units for our first brand Ujala, women workers outnumber men. Within the Company, we promote equality and inclusion through our people-friendly measures. No distinction is made between higher and lower ranks of employees in providing health care.

Corporate social responsibility programmes are undertaken to not only improve people's life, but also to give them a space from where they can step out with a sense of pride and hope. Our beneficiaries are primarily girls and women. They are the ones most in need of a helping hand; they are also the ones who change society the most when empowered.

As with our product innovations, our social initiatives, too, are designed for the maximum impact.

Progress is permanent only when everyone walks together.



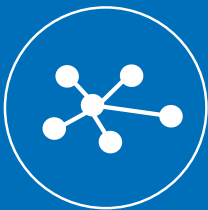


# Make in India is About Domestic Consumption





India is about booming consumerism and thriving aspirations. It is a land of exciting opportunities and boundless possibilities, with one of the most promising growth potential globally, the nation is ready for a consumption wave.



In a country on the go, wants and needs evolve rapidly. Now exposed to the best in the world, consumers here expect to see that same standard – or better – from home-grown manufacturers. The expanding Indian middle class are big spenders; they are also increasingly conscious of the value proposition of brands backed by solid research and development. The people here have a strong desire for competitive pricing combined with the best quality.

At Jyothy Laboratories, the endeavour from the very first day has been to serve the domestic market, to introduce people to the world-beating technology that an Indian company can offer. Localised, affordable goods, created by understanding the minute details of people's life, have helped this Company

grow. We are in the household goods space, directly related to people's health and hygiene. Making this market grow has meant constantly renewing connections, reaching out to consumers not served by what was available earlier.

Encouraging domestic consumption is, for us, both a business need and a valuable contribution to national progress, which we are optimistic will make our economy future-proof.

Today, for the global conglomerates, India is the land of promise. We knew it long ago, and that knowledge has been our best ally.



# Make in India is About Self-Reliance



People make a nation. Their skills make the economy. When citizens are highly skilled and their entrepreneurial spirit is fired up, a country transforms itself from ground up. Indians of today have enormous potential to be job creators, not just job-seekers. The possibilities are endless. And exciting.



Skilling India and Make in India are two sides of the same coin. Skill leads to employment, or self-employment, and that has a cascading effect on the entire community. The desire for self-reliance spreads like wildfire, giving people the confidence to move forward faster. Modern India has made the promotion of entrepreneurship its priority. The aim is to develop and channel the energy of our greatest resource: our young, energetic population. Skill training and industrial training are among the primary objectives of the 'Skill India' mission.

At Jyothy Laboratories, we embrace building skill sets with passion and aggression. We have always believed that the answer to greater and sustained prosperity for a company and a nation lies in encouraging employability and development. With over three decades of enhancing the skills of its own employees and of the communities that Jyothy Laboratories sees as its own, the Company is committed to the goal of complete self-reliance.

We motivate employees in order to build an engaged workforce. Training and guidance are given at every step, and leadership qualities identified and encouraged. New growth avenues are always made available to the most deserving. A 'Skill Recognition Award' puts the outstanding employees in the limelight, making them feel valued and inspiring others. Besides technical knowledge, enthusiasm and innovation are also rewarded.

There is no doubt that the qualities we find and nurture in our employees are present in most Indians. It is our responsibility to give them a chance to shine. Every Indian company must partner the nation in the Skill India programme. We shall leave no stone unturned to create a workforce that will contribute to an enriching tomorrow.





# Make in India is About Youth Power



The energy of the millennials is India's greatest strength. As much world citizens are rooted in the country's tradition, they are the consumers of the future. Fulfilling their unmet needs is the key to success.



The majority of the country's population is below the age of thirty-five. This generation is proud of home-grown ingenuity, and wants to triumph against every international benchmark. Global businesses woo them as consumers, yet they remain supportive of national brands that deliver world-class quality.

Today's India is driven by their aspirations. This population is demanding, and that compels businesses to innovate. The youth are the catalysts for the transformation of modern industry.

Jyothy Laboratories has always believed that the future is here. We are certain that as India grows, youth power shall propel national brands to positions of market leadership. Even as we retain

our loyal customer base built over three decades, our focus is on engaging with the millennials through strategic communication, earning their trust and admiration.

We are not thirty-three years old; we are thirty-three years young and average age of our employees is below thirty-three. As a Company, we are among the millennial. Like the youth, our optimism and ambition knows no bounds. Every innovation that will happen in this century can happen here. We shall make it so.



# Chairman and MD's Statement

## DEAR SHAREHOLDERS,

It pleases me to say that we have finished yet another year climbing a few more steps towards growth. Now we present to you the significant shareholder value that was created by the strong performance of our team.

The market is never without challenges, but we have continued on a growth trajectory, reinforcing core strengths, which enabled us to ride out the macroeconomic uncertainties. I can tell you with complete confidence – confidence that is based on the immense power of the whole Jyothy Laboratories team – that we are poised for larger tasks.

We shall do everything to retain this winning edge, and the national policy environment in the country has become our tailwind. This environment is extremely encouraging for businesses like your Company. We have always been in India, for India, and we are proud of 'Make in India'. The initiative, launched in late 2014, gained momentum in 2015, the year under review in this report. We have walked this path from our inception. The fundamental principle of Jyothy Laboratories is making life

better for the people of this country by manufacturing world-class products using local skills. We believe that indigenous skill should be much better than what is available abroad.

At Jyothy Laboratories, we want to – and we do – contribute something to make the nation proud. 'Make in India' should spread across the country; we go to the rural areas and create jobs. We believe that the manufacturing sector can reduce the excessive dependence on agriculture and bring more people into the bracket of prosperity.

Our corporate social responsibility initiatives are driven by the same principle of making Indians proud. When we present underprivileged widows or adivasis with the gift of housing, they get more than a shelter; they develop a greater degree of self-esteem, as they are now able to step out from a place they can call their own.

Business, for us, is so much more than numbers. It has a higher purpose, that of giving back to society. Our people connect helps us to identify the most relevant areas of corporate social responsibility. CSR is very important to us, and we choose our programmes

to make a real impact, working in a focussed manner. We have put all our money in one district in Kerala, where the company started. In the Thrissur district, we have installed 350 good toilets in all the government schools for girls. Then we built homes for people who were displaced by a dam project but were given land by the government. We also gave pukka houses to 27 widows of fishermen.

## OFFERING PRODUCTS DIFFERENTLY

The keystone for us is differentiation – every one of our products has to have a USP, every single product must be different and better than other products in its class. With each new launch, we have targeted a particular segment, offering a solution that Jyothy Laboratories thought of first.

The consumers always deserve better; it is possible to always give them something better. Society grows by always wanting more.

In keeping with this, the technology used in our manufacturing is of the highest quality. Our plants are highly automated for the purpose of making the output as perfect as possible. Simultaneously, we invest in manpower and strengthen the

“WHEN AN ORGANISATION HAS ALL THE RIGHT SYSTEMS AND A TEAM WITH ITS HEART AND BRAIN IN PLACE, IT CAN FOCUS ON DELIVERING THE GREATEST VALUE TO THE CUSTOMERS AND INVESTORS.”





**M. P. Ramachandran**  
Chairman  
& Managing Director

people connect, so that we can think like a consumer and imagine what they want. Consumers have desires, but are not always able to articulate them. It is up to us to draw out that desire, and create an inspired offering.

As a business, our success is based on the insight gained from reading the consumer's mind; crystallising that into a viable product idea; and then developing that product to make a meaningful impact for the consumer. So, with pride, I can share that the three pillars of your Company are: insights, ideas and impact.

### TRANSLATING OUR EFFORTS INTO NUMBERS

The strategy of launching unique products, and reinventing brands with newer advantages, has led us to an overall 9.3 per cent growth during the year under review. The operating EBIDTA jumped to ₹ 237.6 crore, a sharp increase of 24 per cent over the previous year. Each of our six Powerbrands gained market share and the overall Powerbrand sales increased 10.3 per cent. Cash profit stood at ₹ 206.9 crore, an increase of 13.4 per cent over the previous year.

Our working capital cycle, which was down to 17 days in FY14-15 from 27 days in FY13-14, has now come down to 14 days in FY15-16. Based on our positive results, the Board has

recommended a dividend of 500 per cent, or ₹ 5 per share, inclusive of the interim dividend of 400 per cent declared and paid earlier.

The external challenges during the year under review, mainly the subdued rural demand caused by low rainfall, were somewhat mitigated by the drop in oil prices, which reduced our input costs. Automation of our manufacturing units cut operational expenses. The marketing strategy continued to centre around people power. Our brand ambassadors are celebrities, but our real connect with consumers and sales outlets comes from a proprietary system of building on-the-ground relationships. This is a very cost-effective way to grow. The strategy of developing people and developing technology further streamlined our operations. When an organisation has all the right systems and a team with its heart and brain in place, it can focus on delivering the greatest value to the customers and investors.

### GOING FORWARD

The strategy of your Company is to consolidate and grow by presenting products and experiences that capture the imagination of a new generation.

We see every year as an opportunity rather than a challenge; there is always room to grow, room to become more

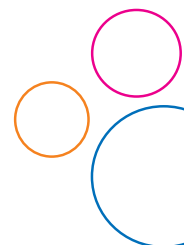
sustainable, room for giving more value for money. In the years when external factors make business easy, we do not take it easy – we set the bar still higher and create something unique.

This journey of three decades is that of the entire Jyothy Laboratories family, as we have earned the loyalty of both employees and consumers. Our consistently positive financial results and solid reputation are the outcome of the efforts made by everyone at every level.

We thank all the people within and outside the organisation who have placed their faith in Jyothy Laboratories – our highly energised team; our supply chain stakeholders; and our valued shareholders, who always give us such excellent support.

Our ceaseless endeavour has been to build trust and value, and we shall continue doing so, giving all we can to the dream of making India a better place on the globe.

**M. P. Ramachandran**  
Chairman & Managing Director



# Q&A with Joint Managing Director and CFO

Ullas Kamath, Joint Managing Director, sheds light on the insights, ideas and impact that have helped Jyothy Laboratories move steadily ahead in the industry, powered by both business gains and customer trust

“WHEN A COUNTRY DOES WELL, EVERYONE DOES WELL. ONCE THE UPSWING COMES, THE COMPANIES THAT ARE EXCEPTIONALLY WELL-POSITIONED WILL DO EXCEPTIONALLY WELL – AND WE ARE ONE OF THEM.”

## HOW DO YOU SEE THE PAST YEAR FOR JYOTHY LABORATORIES, IN RELATION TO THE INDUSTRY AND THE NATIONAL ECONOMY?

To answer that, let me talk about the Jyothy Laboratories DNA first. Because our performance in the past year stands on the shoulders of our achievements of more than three decades. During this time, we have positioned ourselves as a company catering to the needs of every Indian household. Those needs can only grow, and we have a long track record of meeting them effectively. All our product innovation has been done keeping in mind the smallest details of a consumer's life.

Against this backdrop, in the year under review, compared to the rest of the FMCG industry, we have done well. As for the national economy, it all comes down to job creation and consumption. The 'Make in India' initiative is very important in this context. Because of this initiative, Indian manufacturing is getting the attention it has never got before. 'Make in India' is about confidence in your own strengths, it is about self-reliance in manufacturing and quality – things we have always believed in.

## WHAT ARE THE BIGGEST STRENGTHS OF JYOTHY LABORATORIES IN THE CONTEXT OF INDIAN COMPANIES COMPETING WITH INTERNATIONAL PLAYERS?

Our portfolio has products that are of world standard and offered at an affordable price. We are competing with the multinationals, and all our brands have become profitable in the shortest possible time. We have taken on the fiercest competition and come out a winner, because of our ear-to-the-ground insights, the agility of our product idea development, and the impact of our precisely targeted communication. With every launch, the Company has been able to disrupt that particular category, gaining market share at an exponential rate.

## ARE YOU ALSO ABLE TO REACH OUT TO EVERY CONSUMER SEGMENT NOW?

Yes, indeed. Following the acquisition of the Henkel India bouquet of products, our Company has a presence in every consumer segment. That acquisition was a turning point in other ways, too – it infused an additional measure of modern business practices into the

Company, helping us adapt still faster to changes in consumer needs and spending patterns.

## WHAT IS THE BEST THING TO HAVE HAPPENED AT JYOTHY LABORATORIES IN THE PAST COUPLE OF YEARS?

As we expanded across segments and launched new products within those segments, we also built a great management team to deliver the desired results. The major transformation, as I said, began from the point of acquiring Henkel India. We were already doing very well, taking leadership positions in extremely competitive product segments. Building on that, we revamped our management policies and systems, and brought new team members on board, making the company culture even more performance-driven. As a result, we are now much more streamlined, efficient, and better fortified against external factors.

All aspects of key functions were looked at with a critical eye – this included sales, marketing, manufacturing, research and development, and human



Ullas Kamath

Joint Managing Director  
and CFO

resource development. To help the new management team stay focussed on the new goals, we set annual KPI (key performance indicator) metrics and monthly reviews.

#### HOW DO YOU SEE THE ROLE OF CORPORATE INDIA IN THE COUNTRY'S INCLUSIVE GROWTH? AND THAT OF JYOTHY LABORATORIES PARTICULARLY?

Inclusive growth means, when a country does well, everyone does well. Once that upswing comes, the companies that are exceptionally well-positioned will do exceptionally well – and we are one of them. That is going to be the India growth story. We firmly state that we are with the government initiative. Only companies with great differentiated products can grow this country. We have to create jobs. We have to be everywhere. We believe in India's growth story.

#### WHAT ARE THE SPECIFIC STEPS YOU HAVE TAKEN – OR WILL – IN THIS DIRECTION?

At present, the government has given impetus to skill development and job creation. We, too, believe in this – Jyothy Laboratories has proactively invested in skill development and employment generation programmes. We have created jobs at every level of the Company. Our consistent growth, despite the fluctuations in the external sphere, has shown that we are agile, innovative and prepared to face

challenges. Our Company is about having the right direction at the right time in the right country.

#### AND THE FACTORS DRIVING THE JYOTHY LABORATORIES GROWTH?

Well, let me say that we have delivered on every front: excellent and relevant products; the most advanced research and development; strategic brand extensions; optimal advertising and sales force to propagate our brands; and an apt communication strategy. Jyothy Laboratories is family owned professionally managed and the most modern business practices which means a great culture.

#### PLEASE SAY MORE ABOUT YOUR ORGANISATION AND POWERBRANDS.

The organisation is nimble, with complete control on our manufacturing and R&D, the essential drivers of success. Our reach is deep, covering places even with small populations. The insights we gather, the way we ideate, and then make an impact, all of that has helped us replicate the success of Ujala in our subsequent products, Maxo, Exo and in the reinvention of Margo, a 95-year-old highly trusted brand. In the past year, we saw a drop in rural consumption because of deficient rainfall, but we expect a turnaround this year based on the monsoon prediction.

#### WHAT IS YOUR STRATEGY FOR CREATING A NEW GENERATION OF LOYAL CONSUMERS?

A growth strategy must always be around innovation. And innovation in our industry has to be driven by insights. If a company has insights into the mind of the youth, it would do well. In this country, 65 per cent of the population is under 35 years of age; they are the consumers of the future.

For instance, our Powerbrand Ujala is not only with the first Ujala woman, but also with her daughter or her granddaughter. If they – the youth – stay with our brands, that makes a big difference.

#### SO YOU REACH OUT TO SOCIETY THROUGH YOUR BUSINESS?

Absolutely, yes. A company making great products makes a profit, obviously, but it also makes the national economy and society that much more vibrant. From excellence in manufacturing to job creation, from promoting educational facilities to helping the marginalised, in every way, we exemplify the key facets of the roadmap laid out by the government initiative. From the first year of our journey, we have lived that agenda.

Our business philosophy is in sync with the thinking of the country. This, we are certain, will help us keep growing alongside India.



# Financial Highlights for 2015-16 (Consolidated)

## NET SALES

**₹ 1,644.73**  
crore

## SHARE OF POWERBRANDS IN REVENUE

**86.9%**  
(₹ 1,430 crore)

## TOTAL SALES GROWTH YEAR-ON-YEAR

**9.3%**

## POWERBRAND SALES GROWTH YEAR-ON-YEAR

**10.3%**

## PROFIT AFTER TAX

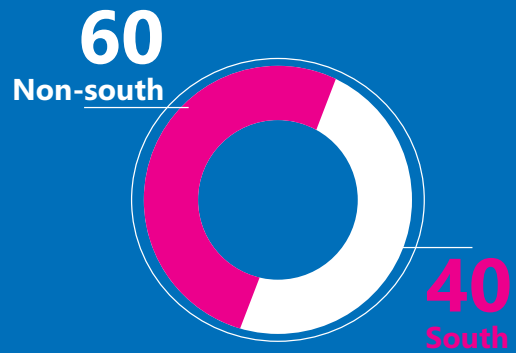
₹ 158 crore

2015-16

₹ 121 crore

2014-15

Up 30.4% ↑

SHARE OF SALES GROWTH IN  
SOUTH AND NON-SOUTH MARKETS

## OPERATING EBIDTA

₹ 237.6 crore

2015-16

(14.4%)

₹ 191.7 crore

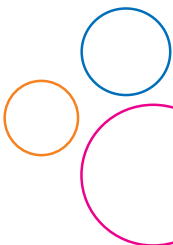
2014-15

(12.7%)

Up 24% ↑

## GROWTH BY VOLUME

9.3%



# Made to Deliver



Featured - big numbers  
on power brands'  
performance, shining  
products, presence  
and penetration across  
length and breadth  
of the country,  
manufacturing units,  
efficiency





# M.R. Jyothy, Director of Jyothy Laboratories Limited

M.R. Jyothy, Director of Jyothy Laboratories Limited, the brain behind all the recent revolutionary product innovations, says what it means to design every product around the smallest needs of the consumer.

“OUR EFFORT IS TO ENSURE THAT INNOVATION, CONVENIENCE AND UNIQUE VALUE SET THE PREMISE FOR ANY NEW PRODUCT WE LAUNCH”

When taking any new initiative, we keep the consumer at the centre. We want to make the consumer's life easier by offering innovative products for everyday needs. Every Jyothy product is backed by intensive research, which involves consumer contact programmes, detailed market surveys, comprehensive evaluation of competition products, and the best industrial design solution.

Our effort is to ensure that innovation, convenience and unique value set the premise for any new product we launch. And at the heart of every innovation, there's a very simple idea that makes life easier, happier and more convenient for the average consumer.

Our major launches under three different categories validate our success

in delivering unique value to our consumers.

The first such example is that of Exo. When it came to the market many years ago, it was the first anti-bacterial dishwash bar in India. At that time, consumers faced two problems: utensils kept in the sink were vulnerable to bacterial infections; the other thing was that consumers were dissatisfied with the way the available dishwash bars broke off, or turned soggy by absorbing water from the sink area, leading to wastage.

The anti-bacterial properties of Exo took care of the germs. To address the wastage issue, we launched Exo Round, a first of its kind round-shaped bar in a plastic container along with a free scrubber. The shape aids in easy use and the container ensures zero wastage.

This makes the bar last longer, there is no breakage and the sink area looks cleaner. This new product was an instant hit in the market.

Our second example is in the detergent category, where we launched Henko LINTelligent. Our expertise in the fabric care category helped us to identify a unique positioning for the brand following the acquisition of Henkel India. The insight was to go beyond stain removal and offer care through lint reduction. The reduction in lint meant lesser fraying of the garment, colour protection, better shine and texture, and longer fabric life. The product is differentiated on all fronts: the pink colour of the powder connotes care, innovative packaging gives the premium offering feel, and a delightful sensorial experience enhances trust in

the brand's promise. The product has been recognised for its insightful and innovative mix by numerous awards.

The third segment that saw market-leading innovations from Jyothy Laboratories is that of household insecticides. One example here is the Maxo 'Fits All Machines' Liquid Vapouriser bottle. The core idea was to solve the conundrum of finding the right size of liquid bottle to fit the machine at home – we made a bottle design compatible with all machines, so that consumers would not have to worry about the fit.

The latest innovation in the mosquito repellent category is the launch of Maxo Magic Card. We entered this category with a strong and a powerful differentiator – we call it 'the safety stand'. The safety stand is a simple innovative feature that lets consumers burn the card without any risk of a fire; the stand prevents the lightweight card from flying off while still burning and landing on some flammable object. The stand also ensures it burns completely till the very end. With the safety stand, Maxo Magic Card offers a complete solution for instant relief from mosquitoes.

Our efforts are directed at ensuring that we bring distinctive, innovative and convenient products to delight our consumers, and we believe this approach will keep us always one step ahead of the competition.

**MR Jyothy**

MR Jyothy has been voted yet again among the **'50 Most Influential Women in Indian Media, Advertising and Marketing, 2016'** by exchange4media Group.



# Segment Overview

## Fabric Care Segment

Brands: Ujala, Henko, Mr. White, Chek



### THE POWERBRAND STORY

#### UJALA SUPREME

Ujala Supreme entered the market in 1983 with a promise to solve the problem of 'yellowing whites'. White clothes lose their brightness and become yellowish over a period of time; some of the reasons are detergents, quality of water, and pollution. Ujala Supreme has a unique whitening action that prevents this 'yellowing' of white fabrics. This fabric whitener is a market leader with 77.6 per cent market share. Brand sales have grown over 4 per cent in the past financial year, largely attributable to our efforts to expand the Ujala Supreme consumer base with effective and highly targeted brand communication.

Ujala detergent powder, an extension of the brand in the detergent category, was relaunched with a new proposition of 'effortless cleaning' in Kerala. The market share grew by 160 BPS to reach 17.7 per cent within just 12 months of its relaunch.

Our understanding of consumers' changing lifestyles and consequent fabric care expectations helped us develop two very unique and leading-edge products:

- Ujala Crisp and Shine
- Henko LINTelligent

#### UJALA CRISP AND SHINE

This is a post-wash product that maintains the form and finish of clothes while enhancing the shine with every

wash. It essentially revives fabrics from the harsh effects of detergents and keeps them looking new. Its unique POLYFX action coats the fibre to give a smooth finish and a crisp feel. As a result, the fabric looks fresher and retains its newness.

#### HENKO LINTelligent

Henko, the premium detergent brand that was part of the Henkel India portfolio, had to be differentiated in order to make inroads into the highly competitive detergent category. Our sheer in-depth understanding of the fabric care category helped us to identify a unique positioning. The insight was to go beyond stain removal and offer care through lesser lint removal from the fabric. This led to the launch of Henko LINTelligent. Less lint removal from the fabric means less fraying, protecting the garment's colour, shine and texture, and extending fabric life.

The brand was recognised for its insightful and innovative mix, and won numerous awards, including an award for consumer insights at the Indian Marketing Awards by Exchange4Media, and the Asia Star Packaging Award for excellence in packaging. After the new launch, the brand was ranked No. 8 among Economic Times Most Trusted Brands in the fabric care category for the first time ever. Moreover, the brand was adjudged 'Product of the Year' in that category.



Contribution to total sales

**41.85%**

Growth year-on-year

**6.4%**

Overall market share

Ujala Fabric Whitener

**77.6%** by value

Henko Matic

**5%** by value

# Dishwash Segment

Brands: Pril, Exo

## THE POWERBRAND STORY

### EXO

Exo dishwash solves three household problems in one stroke – it kills germs left on dishes by kitchen pests; it slices through grease and requires minimal water for washing off; it stays intact in its box without loss from melting. Thus, it has made itself relevant to people everywhere. The first anti-bacterial dishwash (with cyclozan) and the first bar to come in its own round-shaped container, Exo has captured the imagination of both health-conscious urban buyers and cost-conscious rural consumers. The new anti-bacterial Exo scrubber has added to its appeal. With sales growth in the high double-digits, this Powerbrand is storming markets across the nation.

### PRIL

The brand positioning of Pril is to take the chore out of doing the dishes and infuse a bit of romance and fun in the process. This premium brand has superior grease-cutting properties and also gives a great sensory experience with its fragrance. Our slice-of-life brand campaign speaks to modern couples who are equals in everything, and who can turn kitchen work into an occasion for adding more 'sparkle' to their relationship.

The Pril Powerbrand story has now been extended in a premium new offering, "a superior degreasing dishwash bar". The first of its kind in India, the new Pril bar comes with some innovative features:

- Active booster speckles to cut the toughest grease with ease
- A tamper-proof SuperTub to prevent any wastage
- Enhanced and refreshing aroma for a delightful sensory experience

With this innovation, we are confident of growing our share substantially across markets.



Contribution to total sales

**28.33%**

Growth year-on-year

**11.8%**

Overall market share

Exo Dishwash Bar

**10.43%** by value

Pril Liquid

**16.69%** by value



# Segment Overview

## Household Insecticides Segment

Brand: Maxo



### THE POWERBRAND STORY

#### MAXO

Maxo is a remarkable success story in the fiercely competitive household insecticide category.

The launch of the Maxo 'Fits All Machines' liquid bottle with a new brand identity (new brand logo, packaging and positioning) shook up the market with a 'one size fits all' solution. Our research showed that consumers, when buying a liquid insecticide bottle, were unsure how it would fit in the vapouriser machines they already had at home. Maxo was designed to fit any vapouriser machine; thus it solved a bothersome problem for the consumer. This innovation has helped the liquid clock sales more than the overall market growth rate.

In a continuing story of bringing relevant innovations to the consumer, we introduced Maxo Genius, the first smart

machine of its kind, which automatically switches modes from attack (high mode) to defend (low mode) after a certain time. This spares the consumer the effort of manually changing modes, as one has to do with other mosquito repellent machines. Maxo Genius thus offers consumers a combination of superior performance and value through optimal liquid consumption.

The latest of all is the launch of Maxo Magic Card. We entered the fast growing card segment of mosquito repellents with a strong and a powerful differentiator, 'the safety stand'. The safety stand is a simple innovative feature that lets the consumers use the product – a light paper card coated with insecticide, released when it burns – without risking a fire, as the stand holds the burning card securely, preventing it from flying away. Maxo Magic Card today is the fastest growing brand in this category as per the latest quarterly report from AC Nielsen.



Contribution to total sales

**16.58%**

Growth year-on-year

**15.5%**

Overall market share

Maxo Repellent Coil

**18.43%** by value

Maxo Repellent Liquid

**6.69%** by value

# Personal Care

Brands: Margo, Fa, Neem

## THE POWERBRAND STORY

### MARGO

In India, neem (margosa) and skin care have gone hand in hand for generations. Launched in 1920, Margo soap has been synonymous with neem. Infused with 100 per cent pure neem oil and Vitamin E, the Margo Original Neem soap is a highly valued and respected personal care product.

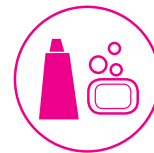
We restructured the brand with the key objective of targeting younger consumers. A series of brand communication films were developed to this effect, and they have contributed hugely to the overall growth the brand has achieved over the past three years.

The Margo Powerbrand story perfectly fits into a consumer mega-trend: natural skin care. With the successful relaunch of

Margo Active Glycerine Soap, the brand is well-positioned to leverage the soap's equity, which is known for original/ pure neem. Margo Active Glycerine comes with a unique combination of 'neem and glycerine', thereby giving the skin much-needed protection and moisturising effect. With 8 per cent brand growth, Margo has outpaced the overall category growth.

### NEEM ACTIVE TOOTHPASTE

In the oral hygiene space, Neem Active Toothpaste offers complete care. At the centre of this unique formulation is neem, an ingredient that has been associated with oral hygiene in India for centuries. With the growing trend towards products that are more natural and our efforts to build this brand, Neem Active Toothpaste is poised to grow in the years to come.



Contribution to total sales

**9.02%**

Growth year-on-year

**5.1%**





# Segment Overview

## Laundry Services Segment

Brands: Fabric Spa, Snoways, Busy Easy, Wardrobe

### THE BRAND STORY

Modern urban Indians are always on the move, hard-pressed for time. Their needs, combined with those of the expanding hospitality sector, made it natural for us to enter the professional laundry service segment, given our market leading presence in the FMCG industry.



- **Jyothy Fabricare Services Limited (JFSL)** is a subsidiary of Jyothy Laboratories Ltd.
- Premium laundry service – biggest in India
- Highly sophisticated infrastructure
- 93 outlets in key cities of India
- Currently, country's biggest laundry chain
- Current operations in Bengaluru, Delhi, Mumbai, Pune and Chennai
- Bagged prestigious Western Railways at Ahmedabad BOOT contract for 10 years
- Bagged prestigious Delhi International Airport Limited (DIAL) BOOT project for 15 years



**Contribution to total sales**

**2.62%**

**Growth year-on-year**

**2.4%**



Our Brand  
Ambassadors

# Board of Directors



1

**M.P. RAMACHANDRAN**

Chairman &amp; Managing Director

M.P. Ramachandran remains the driving force behind the Company's progress. His vision and understanding of the customers' pulse has led to the Company emerging as a formidable player in the FMCG segment.

2

**K. ULLAS KAMATH**

Joint Managing Director and CFO

K. Ullas Kamath is a qualified Chartered Accountant and Company Secretary. He also has a degree in law and has attended the Advanced Management Programme at Wharton Business School and the Harvard Business School. He has completed Global Management Programme at London School of Economics, London, UK. It is under his leadership that the Company has diversified and become a multi-product FMCG company. He has spearheaded the successful setting up of Fabric Spa and the Henkel (India) acquisition. He has also won the CA Business Achiever Award in the SME category in the ICAI Awards, 2008.

3

**S. RAGHUNANDAN**

Whole Time Director and CEO

S. Raghunandan has a degree in Chemical Engineering from the Birla Institute of Technology and Science (Pilani). He also has a post-graduate degree from IIM Kolkata. He has worked with leading FMCG players like Dabur, Paras and Reckitt Benckiser. Having joined in May 2012, he brings to the table his vast industry experience in areas of sales, marketing and general management. In last three years at Jyothy Laboratories, he has created a sustainable business model by saving ₹ 100 crores, increasing spends for brand building and above all created a strong management team.

4

**M. R. JYOTHY**

Director

A postgraduate in management with an additional diploma in Family Managed Business Administration, M. R. Jyothy contributes significantly to the sales, marketing and brand communication aspects of the Company. She has also completed the Owner / President Management Programme from Harvard Business School. In the year gone by, she was awarded with Emerging Kerala – Entrepreneurship Excellence Award for women. She was also among the '50 Most Influential Women in Indian Media, Marketing and Advertising' list by IMPACT for two years in a row.

5

**NILESH MEHTA**

Independent Director

Nilesh Mehta is the co-founder and Managing Partner of Access India Fund which invests in mid market, unlisted opportunities in India. He was the Managing Partner of Aureos Capital from 2005 to 2010. He is a qualified Chartered Accountant with a post graduate degree from IIM. His experience spans various fields in finance, ranging from investment banking, private equity to fund-related activities. He is a veteran in the field of private equity and mergers and acquisitions of mid-cap Indian companies.

6

**K. P. PADMAKUMAR**

Independent Director

K. P. Padmakumar brings to the table more than four decades of experience in the field of Commercial Banking, Treasury Management, Capital Markets and Mutual Funds. A graduate in Agriculture and a Certified Associate of Indian Institute of Bankers – CAIIB, he has vast experience in the banking and capital markets arena.

7

**BIPIN SHAH**

Independent Director

Bipin R. Shah is a Chartered Accountant with a postgraduate degree in Management. He has also attended the Senior Executive Programme conducted by Sloan School of Business, Massachusetts Institute of Technology at Boston, USA. Currently, he serves on the Board of various companies and the Company benefits from his experience with leading FMCG players.

8

**R. LAKSHMINARAYANAN**

Independent Director

An IIT and IIM alumnus, R. Lakshminarayanan has a string of successes in his career. He has worked with leading FMCG conglomerates across product categories and held eminent positions with top notch advertising companies in India. He has a keen interest in business strategy, brand strategy, media plural communications and brand portfolio management.



# Management Discussion & Analysis



JYOTHY LABORATORIES LIMITED STARTED OFF AS A CONSUMER PRODUCT COMPANY WITH OPERATIONS CONCENTRATED IN THE SOUTH INDIAN MARKET. OVER THE YEARS, THE COMPANY HAS EVOLVED AND TRANSITIONED FROM A REGIONAL BRAND TO A NATIONAL BRAND.

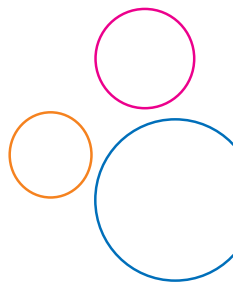


# 7.3%

Growth rate in 2015

# 7.6%

Growth rate in 2016



## ECONOMIC SCENARIO

### GLOBAL ECONOMY

The global economy grew 3.1% in 2015 compared to 3.5% in 2014 as slowdown in investments, weakening commodity prices, decreasing capital flows to emerging economies and geopolitical pressures continued to stifle recovery. Despite a fall in growth rate from 4.6% in 2014 to 4.0% in 2015, the emerging nations continued to contribute a majority share in the global growth. A tough macro-economic scenario weakened China's growth from 7.3% in 2014 to 6.9% in 2015. The Indian economy continued to perform strongly as it grew from 7.3% in 2015 to 7.6% in 2016. Brazil and Russia continued to show signs of distress with a negative

growth of -3.8% and -3.7% respectively. Advanced economies grew moderately at 1.9% as unfavourable demographics, after-effects of the global financial crisis and low productivity continued to impact growth. However, the Eurozone showed signs of recovery as it grew 1.6% in 2015 compared to 0.9% in 2014.

Global stresses related to macro-economic problems in various parts of the world, falling growth rate in advanced countries, asset market volatility and other non-economic factors could continue to hinder global economic activity, as growth is expected to be around 3.2% in 2016 and then pick up momentum to 3.5% in 2017. (Source: World Economic Outlook, International Monetary Fund)

## INDIAN ECONOMY

The real GDP in India grew by 7.6% in 2015-16 (from 7.3% in 2014-15), largely driven by growth in private consumption due to low oil prices and higher real income. The agriculture sector witnessed a growth of 1.1% despite poor rainfall. The services sector continued to grow strongly despite a fall in growth rate from 8.8% in 2014-15 to 8.4% in 2015-16. The industrial sector outperformed expectations as rising manufacturing activities led to a growth of 8.8% in 2015-16 compared to 6.5% in 2014-15. Manufacturing grew from 5.5% in 2014-15 to 9.5% in 2015-16. The country's foreign exchange reserves reached an all-time high of USD 361.30 billion as in April 2016.

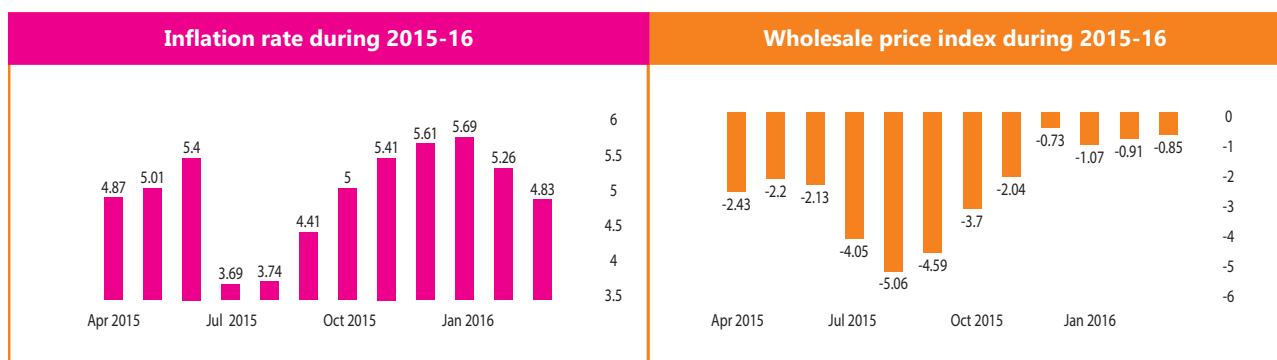
The fiscal deficit decreased from 4.5% in 2014-15 to 3.99% in 2015-16 and is expected to be 3.5% in 2016-17. Factors that helped the Indian economy were the drop in oil prices; stabilisation of the rupee against the dollar after a sharp slide; and inflation coming under control. A positive atmosphere for manufacturing was created by the 'Make in India' initiative. During the period under review, the country received 424 proposals worth ₹ 48,902 crore from

foreign companies (up to January 2016). These companies intended to set up units in sectors where foreign direct investment is permitted. (Source: Rajya Sabha Q&A)

Inflation and wholesale price index: The inflation rate averaged 7.79% during 2012-16, reaching an all-time high of 11.16% in November 2013. However, tight monetary policy, supply side measure and low commodity prices

have brought down inflation to desired levels. It is further expected to fall down to targeted levels of 5% in 2016-17. In India, food and beverages is the most important category in the consumer price index, with a weight of 45.86%, followed by housing (10%), transport and communication (8.6%), fuel and light (6.84%), clothing and footwear (6.5%), medical care (5.9%) and education (4.5%). Lower inflation levels are likely to boost consumer spending.

**The wholesale price index continued to witness a declining trend due to moderation in raw material prices and weaker demand.**

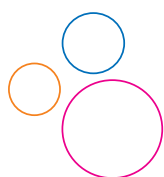


The outlook for the Indian economy is strong, as rising infrastructure spending, commitment to fiscal targets, forecast of above normal rainfall and government's focus on promoting manufacturing, skills and enterprise are likely to boost growth. Real GDP growth for 2016-17 is estimated at 7.6%. (Source: RBI: Monetary Policy Report)



# 7.6%

Estimated Real GDP growth for 2016-17



## INDUSTRY OVERVIEW

The FMCG market in India is the fourth largest sector in the economy and is expected to grow at a CAGR of 11.9% during 2007 to 2016. The revenue from the sector grew from USD 17.8 billion in 2007 to USD 47.3 bn in 2015 and is forecast to become worth USD 49 bn in 2016 and USD 103.7 bn by 2020. The market share of personal care products in the total FMCG market increased from less than 30% in 2000 to about 48% in 2015. The size of personal care market is estimated at USD 22.7 bn in 2015.

Despite the economic recovery from the slowdown of the past decade, the Indian markets are still not entirely predictable, as the monsoon influences rural demand. However, increasing urbanisation and movement of people to cities has seen a pick-up in demand from the urban market. A good monsoon should also see a quick turnaround in rural demand. Overall, the Indian consumer market is expected to witness steady recovery in the next few years starting 2016.

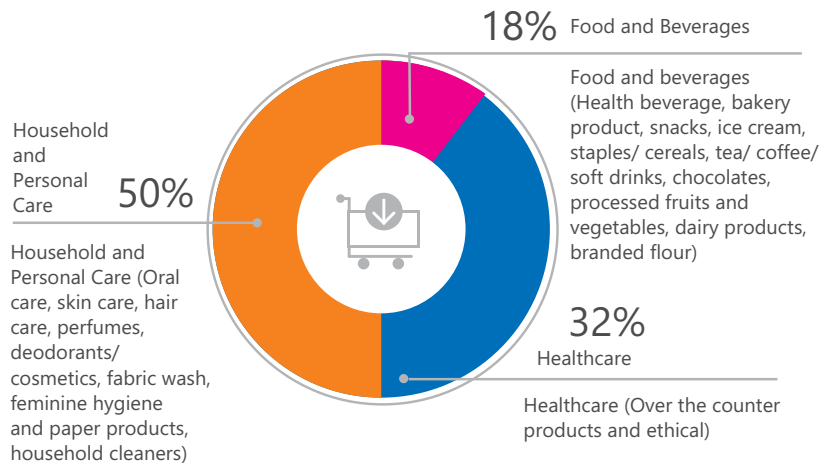
A positive macro-economic scenario, growth in employment levels, expanding product distribution and significant increment in salaries and pensions upon the implementation of the Seventh Pay Commission (which is likely to put additional funds of USD 15 billion in the hands of consumers starting 2016) are expected to drive demand for consumer products. Government schemes like 'Jan Dhan Yojana' and direct transfer of subsidies, coupled with low commodity (especially oil) prices, are likely to bring significant structural changes in the

economy. Growing brand awareness, ease of access and aspirational lifestyles would be the key growth drivers for the sector.

Indian consumer confidence remained the highest in the world for four successive quarters. In Q1 2016, the country's consumer confidence was the highest in about 10 years, rising to a score of 134 after three consecutive quarter scores of 131. This was much higher than the US (110 points), China (105), Germany and the UK (97) and Japan (73). The score is based on perceptions of local job prospects, personal finances, and immediate spending intentions. (Source: AC Nielsen)

The Indian consumer markets have shown changes in trend, as FMCG companies have increased focus on rural areas. The Indian rural

## FMCG MARKET SEGMENT



consumer markets have immense potential, accounting for almost 70% of the country's population. Nearly 50% of the rural spending is on FMCG products. The FMCG market in India is highly fragmented and about half of it is dominated by the unorganised sector. This provides significant opportunities for branded retailers to create new consumer bases. Companies need to strengthen their distribution networks and use that effectively to reach consumers currently using unbranded and unpackaged goods. (Source: Forbes India, Indian Brand Equity Foundation).





## Advantage India

Rising demand	Attractive opportunities
<ul style="list-style-type: none"> <li>Higher income level</li> <li>Favourable demographics with huge youth population</li> <li>Rise in spending of first time modern trade shoppers</li> <li>Tier II/ III cities are witnessing faster growth in modern trade</li> </ul>	<ul style="list-style-type: none"> <li>Low penetration levels in rural market</li> <li>Rising disposable income in rural India</li> <li>Growing demand for premium and customised products</li> <li>Export market</li> </ul>
Higher investments	Policy support
<ul style="list-style-type: none"> <li>Market players are spreading to new geographies and categories</li> <li>Rising investments from venture capitalist and private equity players</li> </ul>	<ul style="list-style-type: none"> <li>100% and 51% FDI approval in single brand and multi brand retail respectively</li> <li>Food security bill and direct transfer of subsidies</li> <li>Minimum capitalisation for foreign FMCG companies</li> </ul>

## THRUST ON SUSTAINABLE GROWTH

Jyothy Laboratories Limited started off as a consumer product company with operations concentrated in the south Indian market. Over the years, the Company has evolved and transitioned from a regional brand to a national brand.

## Evolution in the past 10 years

2005-06		2015-16
₹ 301.93 cr Revenues	₹	₹ 1,644.73 cr Revenues
2.5 million Outlets	→	2.9 million Outlets
2,500 Distributors	✱	1,676 Distributors

Over the years, the Company has developed a robust pan-India distribution network and undertaken substantial marketing and brand promotion activities. With this, it has created a sustainable business model that is not dependent on a particular region or product. This strategy has led to strong business growth in the non-south regions of India; growth in the non-south markets has outpaced that in the Company's primary southern market. The Company's revenue grew faster than industry across all product segment.

Today, the proportion of revenues from a single region or a single product is not more than 20% of the total revenues.

The Company increased investments in key business segments and reinforced on-ground relationships with key outlets in the top cities and town of India, leading to overall increase in throughputs. Superior products, pan-India distribution, greater penetration into rural markets, differential positioning and high brand recall enabled Jyothy Laboratories to achieve sustainable growth.

The Company intends to enhance its presence in the rural markets by identifying key districts across the country. The growth strategy in the coming years is based on enhancing shopper's delight through:

- Identifying prospective outlets in tier I towns
- Developing a clear shelf plan
- Reconfiguring systems to enhance service in the outlets
- Building strong relationships with our customers

The Company continues to drive category growth across all markets, leveraging brand core and equity. A robust innovation pipeline, targeted communication for newer users, strategic national / regional rollout of brands, and

introduction of products that aid brand extension, e.g. the Pril bar and the Ujala detergent powder, are all part of the sustained growth plan.

### KEY TRENDS IN THE INDIAN FMCG MARKET

• **Product innovation, customisation and premiumisation:** The FMCG companies are constantly investing in research to develop newer products that are unique, have better features and are customised to meet specific consumer needs. Buyers are willing to pay higher prices for premium products in the convenience, health and wellness space.

• **Brand preference:** Rising disposable income and customer engagement by companies have drawn consumers towards the most appealing brands.

• **Focus on rural markets:** Companies are focussing on rural markets to tap new consumers and increase the spending of existing consumers by offering wider product range.

• **Expanding distribution network:** In a bid to capture market share in existing markets as well as new markets, FMCG companies have focussed on enhancing their distribution network to enhance channel efficiency, reduce lead time and gain first-mover advantage.

• **Increased hiring in tier II/ III cities:** FMCG companies are hiring field staff across small towns to sell diverse products and enhance brand awareness.

• **E-commerce:** The e-commerce industry in India is growing at an astounding rate from USD 3.8 billion in 2009 to USD 23 bn in 2015. With huge investments from venture capitalist and private equity, the e-commerce industry is expected to grow to USD 119 bn by 2020 with the

number of online shoppers increasing from 50 million in 2015 to 320 million in 2020. (Source: The Economic Times, ASSOCHAM)



## 150million

The number of consumers that are expected to be influenced by the digital revolution by 2020

## USD 40million

The expected spending of digital consumers in 2020

## 320million

The expected number of online shoppers by 2020



## GROWTH DRIVERS

### • Rising consumption expenditure:

The rising disposable income in the hands of consumers would lead to rise in total consumption expenses in the country, which is expected to grow at a compounded rate of 16.89% during 2014-20 and reach USD 3,600 bn. (Source: Indian Brand Equity Foundation)

- Rural FMCG growth:** The rural FMCG market is expected to grow at a CAGR of 18.1% from USD 18.92 bn in 2015 to USD 100 bn in 2025. Moreover, the per capita disposable income in rural India is expected to grow at a CAGR of 4.4% from USD 516 in 2015 to USD 631 by 2020, enabling the rural consumers to spend more. (Source: Indian Brand Equity Foundation)

### • Rising modern retail in India:

The modern retail sector in India is expected to grow at a CAGR of 24.57% from USD 60 bn in 2015 to USD 180 bn in 2020. (Source: Indian Brand Equity Foundation)

- Rising middle class:** The middle class population is the primary consumers for FMCG goods. The population of middle income earners in India is likely to grow at a CAGR of 10.8% to reach 267 million in 2016 from 160 million in 2011.

- Rising income levels:** The nominal per capita income in India increased at a compounded rate of 5.43% from USD 1,430.2 in 2009-10 to USD 1,702.1 in 2014-15. It is further expected to grow at a CAGR of 7.85% during 2015-19 and reach USD 2,302.5. (Source: Indian Brand Equity Foundation)



### Industry size by value

	Liquid blue (₹ in lacs)	
	2014	2015
<b>Total</b>	<b>53,861</b>	<b>54,315</b>
Urban	27,030	26,663
Rural	26,831	27,652

	Detergent (₹ in lacs)	
	2014	2015
<b>Total</b>	<b>13,40,723</b>	<b>14,65,397</b>
Urban	7,32,307	7,86,917
Rural	6,08,416	6,78,480

	Dishwasher bars (₹ in lacs)	
	2014	2015
<b>Total</b>	<b>1,96,783</b>	<b>2,13,427</b>
Urban	1,29,196	1,36,824
Rural	67,587	76,603

	Dishwasher liquids (₹ in lacs)	
	2014	2015
<b>Total</b>	<b>31,500</b>	<b>36,129</b>
Urban	29,090	32,687
Rural	2,410	3,442

	Mosquito coils (₹ in lacs)	
	2014	2015
<b>Total</b>	<b>1,57,512</b>	<b>1,57,263</b>
Urban	88,051	86,325
Rural	69,461	70,938

	Mosquito liquid (₹ in lacs)	
	2014	2015
<b>Total</b>	<b>1,32,367</b>	<b>1,46,909</b>
Urban	1,07,779	1,18,564
Rural	24,588	28,345

	Mosquito card (₹ in lacs)	
	2014	2015
<b>Total</b>	<b>11,519</b>	<b>30,398</b>
Urban	8,242	18,094
Rural	3,277	12,304

### Industry size by volume

	Liquid blue (in '000' litres)	
	2014	2015
<b>Total</b>	<b>29,519</b>	<b>28,533</b>
Urban	13,598	12,659
Rural	15,921	15,874

	Detergent (in MT)	
	2014	2015
<b>Total</b>	<b>21,77,059</b>	<b>23,17,293</b>
Urban	10,65,156	11,12,458
Rural	11,11,903	12,04,835

	Dishwasher bars (in MT)	
	2014	2015
<b>Total</b>	<b>2,89,637</b>	<b>3,13,616</b>
Urban	1,88,398	1,98,464
Rural	1,01,239	1,15,152

	Dishwasher liquids (in '000' litres)	
	2014	2015
<b>Total</b>	<b>18,600</b>	<b>21,332</b>
Urban	17,162	19,099
Rural	1,438	2,233

	Mosquito coils (in millions)	
	2014	2015
<b>Total</b>	<b>6,608</b>	<b>6,320</b>
Urban	3,596	3,368
Rural	3,012	2,952

	Mosquito liquid (in millions)	
	2014	2015
<b>Total</b>	<b>9,952</b>	<b>10,537</b>
Urban	8,081	8,478
Rural	1,871	2,059

	Mosquito card (in millions)	
	2014	2015
<b>Total</b>	<b>1,154</b>	<b>3,139</b>
Urban	826	1,855
Rural	328	1,284

(Source: AC Nielsen Jan to Dec period)

(Source: AC Nielsen Jan to Dec period)

## OUTLOOK

The overall consumer sentiments remain positive and the FMCG industry is expected to grow at a CAGR of 20.6% during 2016-20 and reach USD 103.7 bn. Smaller towns and cities would play a decisive role in determining the future of the industry, and the digital medium would increasingly play a key role in engaging and influencing consumers.

Increasing rural penetration, product innovation, premiumisation, customisation, growth in distribution network, attractive variations in size and design of packaging, and consumer focus on eco-friendly products are all likely to contribute to FMCG growth. Moreover, there is a huge opportunity to leverage the low-cost advantage

of India and develop it into a sourcing hub for catering to international FMCG markets.

The implementation of GST is one of the most anticipated changes for industries in India. It would change market dynamics for the better, facilitating easier movement of inventories across states, enhancing operational efficiencies. Moreover, it would lead to reduction in logistical costs, making goods more affordable for the masses.

The above normal forecast for monsoon in 2016 is again a key factor governing demand for FMCG goods in rural markets, as agricultural growth would lead to higher income for farmers.

## COMPANY OVERVIEW

Jyothy Laboratories Limited, founded in 1983 in Kerala, is a consumer product manufacturing company that focusses on touching people's lives through its range of world-class products. Over 33 years, through sheer hard work and focus on innovation and delivering value for money, we have become one of India's leading and most trusted companies in the FMCG industry. The Company operates in the segments of fabric care, dishwash, household insecticide, personal care, and laundry services.

In 2011, the Company acquired Henkel India with the objective of widening its product portfolio, reaching out to the premium segment of consumers.

## Leadership through key brands

### UJALA FABRIC WHITENER

**77.6%**

All-India market share by value

**62.36%**

All-India market share by volume

### EXO BAR

**10.43%**

All-India market share by value

**9.20%**

All-India market share by volume

### PRIL LIQUID

**16.69%**

All-India market share by value

**15.40%**

All-India market share by volume

### MAXO COIL

**18.43%**

All-India market share by value

**21.51%**

All-India market share by volume

**26.94%**

Rural India market share by volume

### MAXO LIQUID

**6.69%**

All-India market share by value

**7.13%**

All-India market share by volume

**9%**

Rural India market share by volume

### HENKO

**5.0%**

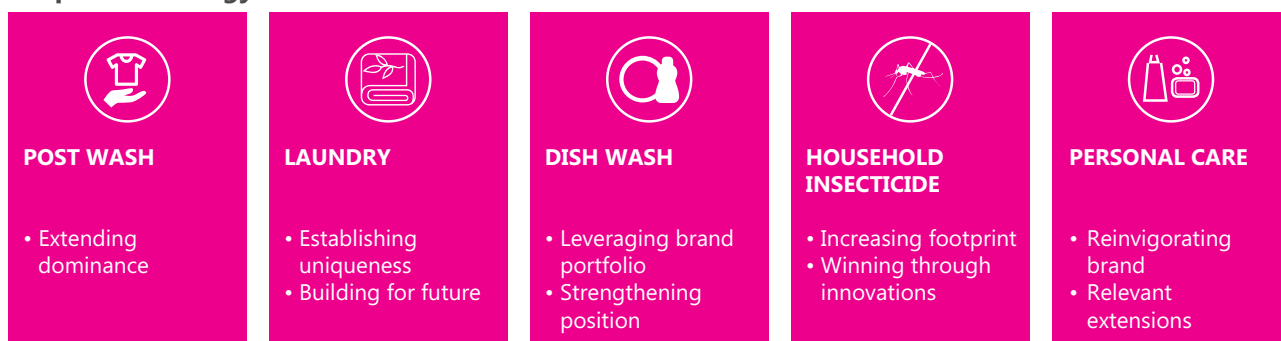
All-India market share by value

**5.6%**

All-India market share by volume



## Corporate strategy



### FOCUS ON INNOVATION

Jyothy Laboratories Limited puts utmost emphasis on product and process innovation. Through product innovation, we constantly focus on enhancing the quality of existing products and develop new ones that meet the expectation generated by changing lifestyles of consumers. Through process innovation, we focus on using new techniques to optimise production with the aim of reducing operational cost. This enables us to offer value for money brands and ensure customer delight.

### R&D initiatives

The Company has a state-of-the-art R&D centre at Mumbai, equipped with advanced lab instruments enabling sustained experimentation and product development. The Company constantly monitors the production process, right from the raw material stage to the finished goods stage, to ensure that the highest quality standards are met. Our plants are ISO 9001 certified for manufacturing quality.

The Company also hires qualified and skilled professionals having domain expertise. Our focussed R&D approach is reflected in our unique brand characteristics, advanced formulations and diversified product offerings that are available at affordable price points. The Company has strategically devised a new product development (NPD) pipeline.

This initiative has resulted in Powerbrand offerings such as Maxo Genius and Henko Matic LINTelligent.

### HUMAN RESOURCES

The human capital (on-ground workforce and employee) is a key factor driving growth at Jyothy Laboratories. The Company has devised a human resource policy that ensures a conducive and productive work environment. Systems are in place to help employees enhance their skills and motivate them to work towards the goals of the Company based on fairness, openness and mutual respect. Performance-based incentives and promotions boost employee morale. The Company takes the responsibility to upgrade employee skills and assign them to suitable roles when manufacturing processes are automated.

The Company provides various insurance, medical and accident cover plans for employees and their family members. The Company also provides the facility for employees to cover their parents at very nominal rates. These plans are equal for all employees without any differentiation on the basis of pay or designation.

We intend to become a part of the government's 'Skill India' programme, which focusses on skill training for individuals to encourage entrepreneurship. Under this plan, the Company plans to provide skill training

to the individuals and make them job ready. These skills would also allow those trained to become employable elsewhere other than Jyothy.

As on March 31, 2016, the Company has 1,978 sales personnel, who ensure continuous supply of products across 6,00,000 retails in India.

### Building an agile and high performance culture

At Jyothy Laboratories Limited, we promote the highest levels of professional ethics, personal decorum, adherence to deadlines, compliance with standards and customer service. The following attributes are imbibed across every function of the organisation:

- Accountability
- Integrity
- Commitment
- Initiative and positive attitude

### Employee engagement

The Company attains employee engagement through various initiatives that nurture talent, excellence and job skills. The employees are driven by motivation and passion to work towards the ambitious growth plans of the Company. Area sales managers hold regular training sessions to enhance field staff's skills. Employees are also provided periodic soft skill training and advanced MS-Excel training.

The Company encourages employees to work as a team, share new ideas and give feedback for improving work processes and practices. All necessary safety standards are complied with across all plants to ensure employee welfare.

Competition is a way to stimulate and encourage personal growth and help people to excel in something they enjoy as well as giving them sense of achievement and togetherness. Given this premise, this year the Company organised programmes like 'Talent ka Challenge' which was high energy, fresh, innovative cultural theme programme and 'play-sport' which include sporting events like football, cricket and indoor games to enhance employee engagement and encourage team spirit.

## INFORMATION TECHNOLOGY SYSTEMS

### IT platforms for business and human resources

Jyothy Laboratories Limited has invested in a superior IT infrastructure as a tool to improve work efficiency, reduce errors/ duplication, enhance business relationships, manage an extensive business network (1,660 stockists/ super stockists managed through 40 CFA locations), manage inventories better, and cut down on internal administrative delays.

### The major IT initiatives undertaken by the Company during the year include:

- Invested in SAP S/4HANA, which is a next generation business suite that is built on an in-memory computing platform. The platform is designed with the modern SAP Fiori user experience; the new suite helps to drive instant business insight across business functions and roles. We plan to covers all critical business processes and have integrated functions across various business lines. This suite is expected to be operational from April 2017.

- We implemented next phase of our 'Connect' 3P Suite, that along with providing daily reports on production and dispatch compliance, now also provides added benefits of capturing third party costing.

- Launched 'JConnect', an online employee self-service platform. This captures employees' complete profile and enables them to add information about new skills/ qualification, update personal details, and apply for and approve leaves. Employee can also download his Payslips and Form 16 from Jconnect. The platform provides a seamless and paperless workflow without any human intervention.

- Launched mobile apps for staff medical insurance and Modern Trade Merchandizers. The medical app allows staff to carry Insurance Card 24\*7 for emergencies, check claim status and find cashless hospitals listed under their insurance policy. The Merchandizer app allows the Company to digitally track products on shelves and their display arrangement at various Modern trade outlets.

- Initiated Distribution Management System for roll out across India at all Super Distributors Point.

### The existing IT infrastructure of the Company includes:

- A robust centralised ERP (enterprise resource planning) system capable of covering business functions across finance, inventory management/ procurement, transportation/ logistics and HR & payroll. The system can be connected easily from anywhere. The Company has also deployed MS Business Intelligence Layer, which provides a wide range of data analysis facilities.

- Connected 'Disha' suite to the main ERP for supply chain automation by providing demand forecasting, dispatch/ production and material planning functions. This has automated most of the supply chain planning and processes through auto-generated reports. The Company keeps adding new features to this suite, such as trade-claim process and discount module, to further enhance supply chain automation.

- 'Lakshya', a secondary sales system, for tracking distributor secondary sales and inventory.

### Cost synergies and best-in-class practices

The IT infrastructure has enabled the Company to streamline operations, resulting in centralised processing of data and timely information sharing. Real-time data transfer, lean inventory management, automation and demand-driven supply chain means significant cost and time savings. More importantly, it helps us to address customer problems and attain greater customer satisfaction.



# 6,00,000

retail outlet reach in India

## FINANCIAL PERFORMANCE

### ACCOUNTING POLICY

The Company follows the Generally Accepted Accounting Principles (GAAP) in India. These are the accepted accounting standards of the Companies Act, 1956, and amended provisions of the same in 2013 for the preparation of the Company's financial statements. The Company uses accrual basis of accounting except in cases of assets for which provision for impairment is made.

### REVIEW OF FY 2015-16 (ON CONSOLIDATED BASIS)

Net Sales registered a 9.26% growth at ₹ 1,644.73 crore, other operating income decreased to ₹ 1.83 crore. The following table indicates the segment revenue for the 12-month period from April 1, 2015 to March 31, 2016.

The profitability of the 'Soaps and Detergents' segment stood at ₹ 194.11 crore in FY 2015-16 from ₹ 147.71 crore in FY 2014-15. The profitability of the 'Home Care' segment further improved to ₹ 21.86 crore from ₹ 8.22 crore in the previous year. The laundry services division recorded a loss of ₹ 14.54 crore, compared to a loss of ₹ 13.07 crore in the previous year.

Particulars	(₹ in crores)	
	2015-16	2014-15
Soaps and Detergents	1,199.87	1,117.94
Home Care	387.42	332.30
Others	16.18	18.18
Laundry Services	43.06	42.05
Inter Segment Revenue	(1.80)	(5.18)
Net Sales	1,644.73	1,505.29

Note: Soaps and detergents include fabric whitener, fabric detergent, dishwash bars and beauty soaps. Home care products includes household insecticides, incense sticks and scrubbers. Others include body care. Laundry services include dry cleaning and laundry.

### COST ANALYSIS

Total cost (excluding interest, ESOP Expenses and depreciation) of the Company grew 6.49% from ₹ 1,323.11 crore in 2014-15 to ₹ 1,408.97 crore in 2015-16.

Particulars	(₹ in crores)	
	2015-16	2014-15
Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment	234.69	172.93
Finance Cost	(6.03)	(13.77)
Depreciation, Amortisation and Impairment	(31.40)	(32.55)
Exceptional Item	-	(2.09)
<b>Profit Before Tax</b>	<b>197.26</b>	<b>124.52</b>
Provision for tax		
- Net Current tax including Deferred Tax	(39.31)	0.58
Short tax provision / MAT credit reversal of earlier years	-	(4.12)
<b>Profit After Tax</b>	<b>157.95</b>	<b>120.98</b>
Minority Share (Share in Loss)	-	0.14
Profit After Tax and Minority Share	157.95	121.12

### Cost of Goods Sold

During the financial year, COGS of the Company increased 2.79% from ₹ 777.46 crore in FY 2014-15 to ₹ 799.13 crore in FY 2015-16 due to rise in operations.

### Employee Cost

The Employee Cost grew 10.54% from ₹ 150.26 crore in FY 2014-15 to ₹ 166.10 crore in FY 2015-16. Employee Cost as a proportion to total cost was at 11.79% in FY 2015-16 compared to 11.36% in FY 2014-15.

### Other Expenses

(Excluding Advertisement and Sales Promotion Expenses)

The Company's other expenses (comprising power and fuel, rent, legal and profession, freight outwards, communication expenses, repairs, travelling and other miscellaneous expenses) grew 12.95% from ₹ 214.42 crore in 2014-15 to ₹ 242.18 crore in 2015-16. Other Expenses as a percentage to Net Sales increased from 14.24% in FY 2014-15 to 14.72% in FY 2015-16.

Driven by an objective to generate a greater brand-pull, the Advertisement and Sales Promotion Expenses of the Company increased by 11.38% from ₹ 180.97 crore in FY 2014-15 to ₹ 201.56 crore in FY 2015-16. Further, advertisement expenditure as percentage to net sales increased to 12.25% in FY 2015-16 compared to 12.02% in FY 2014-15.

### Margins

Operating EBIDTA margin of the Company grew 170 basis points from 12.7% in FY 2014-15 to 14.4% in FY 2015-16 owing to change in sales mix and decrease in raw material and packaging prices. PAT stood at ₹ 157.95 crore in FY 2015-16 as compared to ₹ 121.12 crore in FY 2014-15 on account of better operating profit and lower finance costs.

### Equity

The equity share capital (issued and subscribed) of the Company consists of 18,11,19,680 equity shares of ₹ 1 each.

### Reserves and Surplus

The reserves and surplus of the Company stood at ₹ 828.02 crore.

### Own Funds

The net worth of the Company increased by 8.53% from ₹ 780 crore as on March 31, 2015 to ₹ 846 crore as on March 31, 2016.

Return on Net Worth of the Company for a 12-month period ending March 2016 increased to 18.7% as compared to 15.5% for the corresponding period of the previous year.

### Loan Funds

The debt portfolio of the Company comprises secured, redeemable, non-convertible debentures amounting to ₹ 450.82 crore.

**Net Block** of the Company as on March 31, 2016 stood at ₹ 1,067.78 crore.

**Net Working Capital** of the Company stood at ₹ 62.5 crore as on March 31, 2016. This translates to 14 days of working capital as against 17 days in FY 2014-15.

### Working Capital

(₹ in crores)

Particulars	2015-16	2014-15
<b>Current Assets</b>		
Inventories	182.65	185.20
Trade Receivables	94.11	57.42
Loans and Advances	25.62	31.74
Other Assets	6.57	5.04
	<b>308.95</b>	<b>279.40</b>
<b>Current Liabilities</b>		
Trade Payables	160.84	132.46
Other Current Liabilities	50.02	42.48
Provisions	35.59	33.67
	<b>246.45</b>	<b>208.61</b>
<b>Net Working Capital</b>	<b>62.50</b>	<b>70.79</b>

**Sundry Creditors for the Company stood at ₹ 160.84 crore as on March 31, 2016, against ₹ 132.46 crore as on March 31, 2015**

### Inventory

Inventory of the Company stood at ₹ 182.65 crore as on March 31, 2016 compared to ₹ 185.2 crore as on March 31, 2015. Inventory turnover for the Company stood at 41 days for as in March 2016 as against 45 days as in March 2015.

### Sundry Debtors

Sundry debtors for the Company stood at ₹ 94.11 crore for a 12-month period ending March 2016. Debtor turnover stood at 21 days for a 12-month period ending March 2016. For the corresponding period of the previous year, the same stood at 14 days.

### Cash and Bank Balances

Cash and bank balances for the Company stood at ₹ 61.20 crore.

### Loans and Advances

Loans and advances for the Company stood at ₹ 262.61 crore as on March 31, 2016, against ₹ 208.20 crore as on March 31, 2015.

### Other Liabilities and Provisions

Other liabilities and provisions for the Company stood at ₹ 126.61 crore.



## SUSTAINABILITY PRACTICES

At Jyothy Laboratories Limited, sustainability is not just about developing a profit-driven business model; it is also about the Company's commitment to give back to the community by channeling funds in a precise manner. We recognise the importance of making prosperity scalable and sustainable for our stakeholders, employees, suppliers, business partners and society at large. The most effective way of doing this is by reinforcing our business model on the one hand, and utilising the proceeds to improve the lives of people on the other. The Company's CSR initiatives unify business and social interests. We also work towards reducing our environmental footprint by procuring raw materials from sustainable sources.

During the year, the Company sent financial aid to earthquake victims in Nepal and flood victims in Chennai. In Chennai, we also undertook responsibility of distributing the Company's products.

## RISK MANAGEMENT

Risk is an inherent feature of any business. We analyse the uncertainties in our business arising out of various internal and external factors and their impact on our profitability. Risk management is an integral part of our Company and involves strengthening operations through adequate planning and undertaking actions with a focus on growth and enhancing shareholder value.

- **Economic risk:** A tough macro-economic scenario results in low employment levels, high inflation and less money in consumers' hand, leading to lower demand. The current macro-economic scenario in the country is stable and positive with low inflation. Moreover, the Company has a diversified product strategy, enabling

it to understand cash flow cycle of Indian consumers.

- **Compliance risk:** The Company ensures it follows all statutory and regulatory compliances, including changes in tax laws as and when needed.

- **Raw material risk:** Inability to procure raw materials in time and at a low cost would hamper production and lead to reduction in margins. The Company employs individuals having solid experience in vendor management to ensure the steady supply of raw materials for smooth operations. Our long-term business relationships with leading suppliers enable us to negotiate the lowest possible prices. Further, the Company has also entered into long-term contracts with raw material and packaging material suppliers to achieve cost savings and ensure regular supply.

- **Supply chain risk:** The Company has invested in developing advanced information technology software that is capable of demand forecasting based on historical data. This is aligned with raw material sourcing and manufacturing, leading to improved inventory management, optimum utilisation of resources for manufacturing, smooth distribution of products and improvement in the Company's working capital. The Company has also introduced a transport module for service level improvement and better control. We initiated focus on channel-wise service level to ensure minimal stock outs.

- **Competition risk:** The Company ensures manufacture of high quality products with superior performance and undertakes extensive marketing and advertising activities to create awareness and recall. The Company utilises diverse communication media for its Powerbrands.

- **Human resources risk:** The Company constantly motivates and provides training to its employees, especially the sales force, to improve performance standards and contribute towards growth.

- **Seasonal risk:** The Company has a well-diversified product portfolio that helps counter seasonal ups and downs in any one category.

## INTERNAL CONTROL AND SYSTEMS

The Company has adequate internal control systems and procedures in place for effective and smooth conduct of business and to meet exigencies of operation and growth. The key business processes have been documented. The transactions are recorded and reported in conformity with generally accepted accounting practices. The internal control systems and procedures ensure reliability of financial reporting, compliance with the Company's policies and practices, governmental regulations and statutes. Internal Audit is conducted by independent firm of auditors. Internal Auditors regularly check the adequacy of the system, their observations are reviewed by the management and remedial measures, as necessary, are taken. Internal Auditors report directly to the Chairman of the Audit Committee to maintain its objectivity and independence.

# Corporate Information

## BOARD OF DIRECTORS

### M. P. Ramachandran

Chairman & Managing Director  
(DIN: 00553406)

### K. Ullas Kamath

Joint Managing Director & Chief Financial Officer  
(DIN: 00506681)

### S. Raghunandan

Whole Time Director & Chief Executive Officer (Up to 23.05.2016)  
(DIN: 02263845)

### M. R. Jyothy

Whole Time Director  
(DIN: 00571828)

### Nilesh B. Mehta

Independent Director  
(DIN: 00199071)

### K. P. Padmakumar

Independent Director  
(DIN: 00023176)

### Bipin R. Shah

Independent Director  
(DIN: 00006094)

### R. Lakshminarayanan

Independent Director  
(DIN: 00238887)

## COMPANY SECRETARY

### M. L. Bansal (Up to 23.05.2016)

(Membership No. F2297)

### Shreyas Trivedi (w.e.f. 23.05.2016)

(Membership No. A12739)

## STATUTORY AUDITORS

### S R B C & Co LLP

(Firm Registration No. 324982E/ E300003)

## INTERNAL AUDITORS

### Mahajan And Aibara Chartered Accountants LLP

(Firm Registration No. 105742W)

## COST AUDITORS

### R. Nanabhoy & Co.

(Firm Registration Number 000010)

## REGISTERED OFFICE

### Jyothy Laboratories Limited

Ujala House, Ramkrishna Mandir Road,  
Kondivita, Off Andheri Kurla Road,  
Andheri East, Mumbai - 400 059, Maharashtra.

Telephone: +91-22-66892800

Fax: +91-22-66892805

Email : info@jyothy.com

Website: www.jyothylaboratories.com

## CORPORATE IDENTITY NUMBER (CIN)

**L24240MH1992PLC128651**

## REGISTRAR & SHARE TRANSFER AGENT

### Link Intime India Private Limited

CIN-U67190MH1999PTC118368

C-13, Pannalal Silk Mills Compound,

L.B.S Marg, Bhandup (West), Mumbai - 400 078, Maharashtra.

Tel.: +91-22-2596 3838, +91-22-2594 6970

Fax: +91-22-2594 6969

Email: rnt.helpdesk@linktime.co.in

## DEBENTURE TRUSTEE

### Axis Trustee Services Limited

CIN-U74999MH2008PLC182264

Axis House, 2<sup>nd</sup> Floor,

Wadia International Centre,

Pandurang Budhkar Marg,

Worli, Mumbai - 400 025

Phone: 022 - 2425 5225 (D)

Website: www.axistrustee.com

# DIRECTORS' REPORT

To,  
The Members,

It is our pleasure to present the 25<sup>th</sup> Annual Report of your Company together with the Audited Financial Statements for the financial year ended March 31, 2016.

## FINANCIAL PERFORMANCE

Your Company's financial performance for the financial year ended March 31, 2016 compared with previous financial year is summarised below:

	(₹ in Crore)	
Financial results	Financial Year ended March 31, 2016	Financial Year ended March 31, 2015
<b>Net Sales</b>	1,573.51	1,428.27
Other Income	11.38	16.25
<b>Earnings before interest, tax, depreciation, amortization and impairment</b>	227.19	172.25
Interest & Finance Charges/(Income) Net	(42.16)	(47.13)
Depreciation, Amortization and Impairment- Tangibles	22.48	24.27
Depreciation and Amortization- Intangibles	45.46	46.10
Exceptional Item	-	2.09
<b>Profit before tax</b>	201.41	146.92
Provision for tax		
- Current tax- (MAT)	43.12	30.75
- MAT Credit entitlement	(28.60)	(30.75)
- Excess tax provision/ MAT credit reversal of earlier years	-	4.13
- Deferred Tax change	24.53	-
<b>Profit after tax</b>	162.36	142.79
Balance as per last Balance Sheet		
- Brought forward	21.09	22.28
Balance available for appropriations	183.45	165.07
<b>Appropriations:</b>		
Dividend Paid (Interim)	72.45	-
Corporate Dividend Tax on Interim Dividend	14.75	-
Proposed Dividend (Final)	18.11	72.41
Corporate Dividend Tax on proposed dividend	3.69	14.74
Depreciation as per Schedule II of Companies Act, 2013	-	3.11
Transfer to General Reserve	-	-
Transfer to Debenture Redemption Reserve	45.60	53.72
Balance Carried Forward (Profit and Loss Account)	28.86	21.09
Earning Per Share (Basic) (In ₹)	8.97	7.89
Earning Per Share (Diluted) (In ₹)	8.84	7.83
Dividend Per Share of face value of ₹ 1/- (In ₹)	5.00	4.00

## PERFORMANCE HIGHLIGHTS

The gross sales (including Excise Duty) from operations on standalone basis of your Company for the financial year 2015-16 grew by 10.25% and stood at ₹ 1,632.88 Crore compared to ₹ 1,481.14 Crore in the previous financial year. The profit before tax was at ₹ 201.41 Crore as against ₹ 146.92 Crore in the previous financial year, registering a growth of 37.08%. The net profit for the financial year 2015-16 amounted to ₹ 162.36 Crore compared to ₹ 142.79 Crore in the previous financial year.

The consolidated gross sales (including Excise Duty) from operations of your Company for the year under review stood at ₹ 1,660.85 Crore as against ₹ 1,515.97 Crore in the previous financial year, reporting a growth of 9.56%. The consolidated profit before tax was at ₹ 197.26 Crore registering a growth of 55.79% over the consolidated profit before tax of the previous financial year. The consolidated profit after tax at ₹ 157.96 Crore reflected a growth of 30.42% against profit after tax of the previous financial year.

## DIVIDEND

The Board has enhanced the total dividend (Interim and Final) to ₹ 5/- (Rupees Five) per Equity Share of ₹ 1/- each for the financial year 2015-16 as against ₹ 4/- (Rupees Four) per Equity share ₹ 1/- each paid in the previous financial year.

The Board is pleased to recommend a Final Dividend of ₹ 1/- (Rupee One) per Equity Share (@ 100% of face Value of Equity Share of ₹ 1/- each) for the financial year ended March 31, 2016. The Final Dividend payout of ₹ 21.80 Crore (inclusive of tax of ₹ 3.69 Crore) is subject to the approval of Members at the ensuing Annual General Meeting of your Company. Further, your Company paid in March 2016, an interim dividend of ₹ 4/- (Rupees Four) per Equity Share (@ 400% of face value of Equity Share of ₹ 1/- each) amounting to ₹ 87.20 Crore (inclusive of tax of ₹ 14.75 Crore).

## TRANSFER TO RESERVES

Your Company transferred a sum of ₹ 45.60 Crore (₹ 53.72 Crore in the previous financial year) to the Debenture Redemption Reserve during the year under review.

## CONSOLIDATED ACCOUNTS

The Consolidated Financial Statements of your Company are prepared in accordance with the relevant Accounting Standards viz., AS-21 issued by the Institute of Chartered Accountants of India and forms integral part of the Annual Report.

## PERFORMANCE OF SUBSIDIARIES, ASSOCIATE COMPANIES/ JOINT VENTURES

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

During the year under review, Associated Industries Consumer Products Private Limited - AICPPL (Wholly Owned Subsidiary of

your Company) amalgamated with Jyothy Consumer Products Marketing Limited - JCPML (Step down subsidiary of your Company i.e. Wholly Owned Subsidiary of AICPPL) pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Judicature at Bombay vide its Order dated July 3, 2015 which came into effect on August 6, 2015 and as a result, JCPML which was a step down subsidiary became direct subsidiary of your Company.

Except as mentioned above, no company has become or ceased to be its subsidiary, joint venture or associate company during the financial year 2015-16.

## AMALGAMATION OF SUBSIDIARY

The Board of Directors at its meeting held on May 23, 2016 approved the proposal of Amalgamation of its wholly owned subsidiary viz., Jyothy Consumer Products Marketing Limited with your Company. The Appointed Date for the said Amalgamation is fixed as April 1, 2016.

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, in relation to the Audited Financial Statements of your Company for the financial year ended March 31, 2016, the Board of Directors hereby confirms that:

- In the preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards read with the requirements set out under Schedule III to the Act, have been followed and there were no material departures from the same;
- your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2016 and of the profit of your Company for the year ended on that date;
- your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- your Directors have prepared annual accounts of your Company on a going concern basis;
- your Directors have laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and are operating effectively; and
- your Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

In terms of the provisions of Regulation 34(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion & Analysis Report is attached and forms an integral part of this Report.



## ISSUE OF SHARES

### a) Issue of Equity Shares with differential rights

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

### b) Issue of Sweat Equity Shares

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

### c) Issue of Employee Stock Option

During the year under review, your Company in terms of the provisions of Section 62(1)(b) read with Section 39 of the Companies Act, 2013 has issued and allotted 96,184 (Ninety Six Thousand One Hundred and Eighty Four) Equity Shares of ₹ 1/- each to its employees on exercise of options granted under "Jyothy Laboratories Employees Stock Option Scheme 2014" (ESOS 2014) approved by the Shareholders of your Company at the 23<sup>rd</sup> Annual General Meeting held on August 13, 2014.

After the issue of aforesaid 96,184 Equity Shares, the Paid up Equity Share Capital of your Company stands increased to ₹ 18,11,19,680 consisting of ₹ 18,11,19,680 Equity Shares of ₹ 1/- each fully paid-up.

## CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) together with the Certificate received from your Company's Statutory Auditors confirming compliance of Corporate Governance requirements is attached and forms an integral part of this report.

## RELATED PARTY TRANSACTIONS

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

The Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board may be accessed from your Company's website at the link: [http://www.jyothy laboratories.com/admin/docs/RPT\\_JLL\\_Website.pdf](http://www.jyothy laboratories.com/admin/docs/RPT_JLL_Website.pdf)

Attention of Members is also drawn to Note No. 31 to the financial statements for the financial year ended March 31, 2016 which sets out the related party disclosures as per AS-18.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

Your Company was required to spend ₹ 1.95 Crore (2% of the average net profits of last three financial years) on CSR activities during the financial year 2015-16. Accordingly, your Company spent ₹ 1.89 Crore on CSR activities during the year 2015-16 and an amount of ₹ 0.06 Crore stands committed towards housing in Adivasi Area of Trichur District and the aforesaid projects being construction projects have a timeline. The balance amount of expenditure stands committed and will be spent in the current financial year.

## MATERIAL CHANGES AND COMMITMENTS

Except as disclosed elsewhere in this report, no material changes and commitments which could affect your Company's financial position have occurred between the end of the financial year 2015-16 and date of this report.

## INTERNAL FINANCIAL CONTROLS

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

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

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

## CHANGE IN NATURE OF BUSINESS

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

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

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

## REMUNERATION/ COMMISSION FROM ANY OF ITS SUBSIDIARIES

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

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

## EMPLOYEE STOCK OPTION SCHEME (ESOS)

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

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

	<b>Jyothy Laboratories Employee Stock Option Scheme 2014-A ("ESOS 2014-A")</b>	<b>Jyothy Laboratories Employee Stock Option Scheme 2014 ("ESOS 2014")</b>
1 Date of Shareholders' approval	August 13, 2014	August 13, 2014
2 Total number of options approved under ESOS	27,15,352	27,15,352
3 Vesting Requirements	Options granted under ESOS 2014-A would Vest after One year but not later than four years from the date of grant of such options. Vesting of options would be subject to continued employment with the Company and certain performance parameters.	Options granted under ESOS 2014 would Vest after One year but not later than four years from the date of grant of such options. Vesting of options would be subject to continued employment with the Company and certain performance parameters
4 Exercise price or pricing formula	₹1 per option	₹1 per option
5 Maximum term of options granted	5 years	5 years
6 Source of shares	Primary	Primary
7 Variation in terms of option	No variation in the terms of option	No variation in the terms of the option
8 Method of Option Valuation	Intrinsic Value	Intrinsic Value
9 Option Movement during the year		
Number of Options outstanding at the beginning of the period	27,15,352	4,84,958
Number of options granted during the year	-	-
Number of options forfeited/ lapsed during the year	4,52,558	87,970
Number of options vested during the year	-	96,184
Number of options exercised during the year	-	96,184
Number of shares arising as a result of exercise of options	-	96,184

	Jyothy Laboratories Employee Stock Option Scheme 2014-A ("ESOS 2014-A")	Jyothy Laboratories Employee Stock Option Scheme 2014 ("ESOS 2014")
Money realized by exercise of options (Amount in ₹)	-	96,184
Loan repaid by the Trust during the year from exercise price received	N.A.	N.A.
Number of Options outstanding at the end of the year	22,62,794	3,00,804
Number of options exercisable at the end of the year	22,62,794	3,00,804

#### 10 Employee Wise details of Options Granted

##### i. Senior Managerial Personnel

Name	Designation	Options Granted during the Year	Exercise Price
None	-	-	-

##### ii. any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year; and

Name	Designation	Options Granted during the Year	Exercise Price
None	-	-	-

##### iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital(excluding outstanding warrants and conversations) of the company at the time of grant.

Name	Designation	Options Granted during the Year	Exercise Price
Mr. S. Raghunandan	Whole Time Director & Chief Executive Officer*	27,15,352 <sup>#</sup>	₹ 1/- per Option

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

# Granted during the financial year 2014-15.

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

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

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

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Article 140 of the Articles of Association of your Company, Mr. K. Ullas Kamath, Joint Managing Director and Chief Financial Officer of your Company retires by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment.

The Board at its meeting held on May 23, 2016 approved appointment of Mr. M. P. Ramachandran as the Chairman and Managing Director of your Company for a term of five years with effect from August 22, 2016 to August 21, 2021 subject to the approval of Shareholders by passing a Special Resolution at the ensuing Annual General Meeting on the terms and conditions specified in the Special Resolution set out at Item No. 6 of the notice convening 25<sup>th</sup> Annual General Meeting of your Company.

The Board at its meeting held on May 23, 2016 also accepted the resignation of Mr. S. Raghunandan, Whole Time Director and Chief Executive Officer of your Company. Mr. S. Raghunandan has been re-designated as the President of your Company. The Board placed on record, its appreciation for the services rendered by Mr. S. Raghunandan during his tenure as Whole Time Director and Chief Executive Officer. The Board Members also took note of relinquishment of Mr. M. L. Bansal, Company Secretary of your Company. In the same Board Meeting, Mr. Shreyas Trivedi was appointed as the Company Secretary, Compliance Officer and a Key Managerial Personnel in accordance with Section 203 of the Companies Act, 2013.

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

During the financial year 2015-16, there was no change in Key Managerial Personnel of your Company.

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

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

### (I) Selection

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

In case of Non-Executive Directors, the selection can be made either by way of selection from the data bank of

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

### (II) Qualifications, Experience And Positive Attributes

- a) While appointing a Director, it shall always be ensured that the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to your Company's business.
- b) In case of appointment as an Executive Director, the candidate must have the relevant technical or professional qualifications and experience as are considered necessary based on the job description of the position. In case no specific qualification or experience is prescribed or thought necessary for the position then, while recommending the appointment, the Human Resource Department shall provide the job description to the Committee and justify that the qualifications, experience and expertise of the recommended candidate are satisfactory for the relevant appointment. In such circumstances, the Committee may call for an expert opinion on the appropriateness of the qualifications and experience of the candidate for the position of the Executive Director.
- c) In case of appointment as a Non-Executive Director, the candidate must have a postgraduate degree, diploma or a professional qualification in the field of his practice/ profession/ service and shall have not less than five years of working experience in such field as a professional in practice, advisor, consultant or as an employee. Provided that the Board may waive the requirements of qualification and/ or experience under this paragraph for a deserving candidate.
- d) The Board, while making the appointment of a Director, shall also try to assess from the information available and from the interaction with the candidate that he is a fair achiever in his chosen field and that he is a person with integrity, diligence and open mind.

### (III) Board Diversity And Independence

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

- a) There shall be a proper mix of Executive and Non-Executive Directors and Independent and Non-Independent Directors on the Board. Your Company must always be in compliance of the provisions of Section 149 of the Companies Act, 2013 and Clause 17 of the Listing Regulations, as amended from time to time, in this regard.



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

## REMUNERATION POLICY

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

## PERFORMANCE EVALUATION

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

Performance evaluation of Independent Directors was conducted by the Board of Directors, excluding the Director being evaluated. The criteria for performance evaluation of Independent Directors laid down by the Nomination, Remuneration and Compensation Committee include ethics and values, knowledge and proficiency, diligence, behavioral traits and efforts for personal development. Similarly, performance evaluation of the Chairman and Non Independent Directors was carried out by the Independent Directors. Your Directors also expressed their satisfaction with the evaluation process.

## TRAINING OF INDEPENDENT DIRECTORS

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

<http://www.jyothylaboratories.com/admin/docs/Familiarisation%20Programme JLL.PDF>

## MEETING OF INDEPENDENT DIRECTORS

Your Company's Independent Directors meet at least once in every financial year without the presence of Executive Director or Management Personnel and the meeting is conducted informally. During the year under review, one meeting of Independent Directors was held on May 25, 2015.

## BOARD MEETINGS

The Board of Directors met 6 times during the financial year ended 31<sup>st</sup> March, 2016 in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder.

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

## AUDIT COMMITTEE

The Audit Committee of your Company consists of majority of Independent Directors and the detailed composition is provided in the Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board.

## VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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

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

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

The employees of your Company have the right/ option to report their concern/ grievance to the Chairman of the Audit Committee. During the year under review, no protected disclosure from any Whistle Blower was received by the designated officer under the Vigil Mechanism.

## RISK MANAGEMENT

The Board of Directors of your Company has designed a Risk Management Policy in a structured manner taking into consideration the following factors and the same is monitored on a periodic basis by the Executive Directors of your Company.

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

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

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

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

## INTERNAL CONTROL SYSTEMS

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

Internal Audit is conducted by independent firm of auditors. Internal Auditors regularly check the adequacy of the system, their observations are reviewed by the management and remedial measures, as necessary, are taken. Internal Auditors report directly to the Chairman of the Audit Committee to maintain its objectivity and independence.

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

## AUDITORS & AUDIT REPORTS

### Statutory Audit

M/s SRBC & Co LLP, Chartered Accountants (ICAI Registration No. 324982E/ E300003), were appointed by the members of your Company at the 23<sup>rd</sup> Annual General Meeting (AGM) held on August 13, 2014 for a period of three years i.e. for the financial years 2014-15, 2015-16 and 2016-17 subject to annual ratification by the Shareholders in the AGMs to be held for Financial year 2015-16 and 2016-17.

Members are requested to ratify the appointment of M/s SRBC & Co LLP, Chartered Accountants as Statutory Auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting in 2017 and to authorize the Board to fix their remuneration for the year 2016-17.

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

### Cost Audit

As per section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audits) Rules, 2014, as amended, the Board of Directors of your Company on recommendation of the Audit Committee, appointed M/s R. Nanabhoy & Co., Cost Accountants, Mumbai (Firm Registration No. 000010) as the Cost Auditors to carry out the cost audit of its products covered under the Ministry of Corporate Affairs Order dated June 30, 2014 (as amended on December 31, 2014) for the financial year 2016-17. The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee and the requisite resolution for ratification of remuneration of Cost Auditors by the members has been set out in the Notice of the 25<sup>th</sup> Annual General Meeting of your Company.

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

### Secretarial Audit

In terms of Section 204 of the Companies Act, 2013, the Board had appointed M/s Rathi & Associates, Company Secretaries, Mumbai to carry out Secretarial Audit for the financial year 2015-16. The report of the Secretarial Auditor is appended as annexure to this report. The report does not contain any qualification, reservation or adverse remark.

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

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

## TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205C of the Companies Act, 1956, the dividend/ interest/ refund of applications which remained unclaimed/ unpaid for a period of seven years from the date of transfer to unpaid dividend/ interest/ refund account was required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government and no claim shall lie against the Company.

Accordingly, the unclaimed/ unpaid dividend for the year 2007-08 which remained unpaid and unclaimed for a period of 7 years has been transferred by your Company to the IEPF.

Your Company updates the details of unclaimed/ unpaid dividend on its website viz., ([www.jyothylaboratories.com](http://www.jyothylaboratories.com)) and

on MCA website ([www.mca.gov.in](http://www.mca.gov.in)) from time to time pursuant to the provisions of IEPF (Uploading of Information Regarding Unpaid and Unclaimed Amount Lying with Companies) Rules, 2012.

Further, the unpaid dividend amount pertaining to the financial year 2008-09 will be transferred to IEPF during the Financial Year 2016-17.

### EXTRACT OF ANNUAL RETURN

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

### EMPLOYEE RELATIONS

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

### PREVENTION OF SEXUAL HARASSMENT

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

### FIXED DEPOSITS

Your Company did not accept/ renew any fixed deposits from public and no fixed deposits were outstanding or remained unclaimed as on March 31, 2016.

### CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

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

### FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of foreign exchange earnings and outgo are as below:

Particulars	(₹ in Crore)	
	2015-16	2014-15
Foreign exchange earnings	12.29	14.39
Foreign exchange outgo	26.92	11.86

### PARTICULARS OF EMPLOYEES

Particular of employees as required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2016 is given in a separate Annexure to this Report.

### CAUTIONARY NOTE

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

### ACKNOWLEDGEMENT

The Board of Directors express their sincere appreciation for the contribution and commitment of the employees of your Company and for the excellent support provided by the Shareholders, customers, distributors, suppliers, bankers, media and other Stakeholders, during the financial year under review.

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

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

Mumbai, May 23, 2016

## ANNEXURE TO THE DIRECTORS' REPORT

### FORM AOC - I

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

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

#### Part "A" :Subsidiaries

(₹ in Lacs)

Sr. No	Name of the Subsidiary Company	Jyothy Fabricare Services Limited	Jyothy Kallol Bangladesh Limited	Snoways Laundrers and Drycleaners Private Ltd #	Four Seasons Drycleaning Company Private Limited #	Jyothy Consumer Products Marketing Ltd
	Country	India	Bangladesh	India	India	India
	Financial Year / Period	April 1, 2015 to March 31, 2016	April 1, 2015 to March 31, 2016	April 1, 2015 to March 31, 2016	April 1, 2015 to March 31, 2016	April 1, 2015 to March 31, 2016
	Local Currency	INR	BDT	INR	INR	INR
	Exchange rate as on March 31, 2016	-	1BDT = 0.82 INR	-	-	-
1	Share Capital	2,385.00	801.84	100.00	220.70	1,491.00
2	Reserves & Surplus	107.64	(114.48)	(9.45)	(442.30)	(47,274.00)
3	Total Assets	8,482.90	710.86	97.78	26.83	2,499.43
4	Total Liabilities	5,990.26	23.50	7.23	248.43	48282.43
5	Details of Investment (except investment in subsidiaries)	1,719.73	0.00	0.00	0.00	0.00
6	Turnover (Net)	3,386.63	766.16	0.00	193.30	7,146.77
7	Profit / (Loss) before taxation	(1,405.24)	1.17	(0.55)	(38.72)	(3,606.15)
8	Provision for taxation	0.00	2.35	0.00	0.00	0.00
9	Profit / ( Loss) after taxation	(1,405.24)	(1.18)	(0.55)	(38.72)	(3,606.15)
10	Proposed / Interim Dividend	Nil	Nil	Nil	Nil	Nil
11	% of shareholding	86.37%	75.00%	42.32%	86.37%	100.00%

# Snoways Laundrers and Drycleaners Private Limited and Four Seasons Drycleaning Company Pvt. Limited are subsidiaries of Jyothy Fabricare Services Limited

#### Notes:

- None of the subsidiaries of the Company are yet to commence operations.
- None of the subsidiaries have been liquidated or sold during the year under review. However, during the Financial year 2015-16, Jyothy Consumer Products Marketing Limited, step down subsidiary of the Company (direct subsidiary of erstwhile Associated Industries Consumer Products Private Limited) has become direct subsidiary of the Company pursuant to amalgamation of Associated Industries Consumer Products Private Limited with Jyothy Consumer Products Marketing Limited.



## ANNEXURE TO THE DIRECTORS' REPORT

### Part "B": Associates and Joint Ventures

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

(₹ in Lacs)

Name of Joint Venture	JFSL – JLL JV (Partnership firm)
Latest audited Balance Sheet Date	March 31, 2016
Shares of Associate/ Joint Ventures held by the company on the year end:	
1. No.	Partnership Interest 25%
2. Amount of Investment in Joint Venture	84.75
3. Extent of Holding (%)	25%
Description of how there is significant influence	Control of Business decisions under a Partnership deed.
Reason why the joint venture is not consolidated	N.A
Networth attributable to Shareholding as per latest audited Balance Sheet *	275.69
Profit / Loss for the year	
i. Considered in Consolidation*	(29.20)
ii Not Considered in Consolidation	-

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

\* Represents group shares in partnership firm.

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

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

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

**S. Raghunandan**  
 Whole Time Director and Chief  
 Executive Officer  
 DIN: 02263845

**M.L. Bansal**  
 Company Secretary  
 Membership No.: F2297

Place: Mumbai  
 May 23, 2016

## ANNEXURE TO THE DIRECTORS' REPORT

### PARTICULARS OF CONTRACTS/ ARRANGEMENTS MADE WITH RELATED PARTIES

#### Form No. AOC-2

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

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

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

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

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

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

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

Place: Mumbai,  
 May 23, 2016

## ANNEXURE TO THE DIRECTORS' REPORT

### ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

The Company has undertaken projects in the slum area development, sanitation and promoting education as a part of its CSR Initiative for the financial year 2015-16. The activities and funding are monitored internally by the Company. The Company has identified the following fields of operation for spending of expenditure towards CSR:

- i) eradicating hunger, poverty and malnutrition, promoting preventive health care including sanitation and more particularly contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- v) protection of national heritage, art and culture including restoration of buildings and sites of historical

importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

- vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x) rural development projects;
- xi) slum area development;
- xii) such other projects as may be specified by the Central Government from time to time.

2. The Composition of the CSR Committee:

Mr. M. P. Ramachandran, Chairman (Chairman & Managing Director)

Mr. K. P. Padmakumar, Member (Independent Director)

Ms. M. R. Jyothy, Member (Whole Time Director)

3. Average net profit of the Company for last three Financial years: ₹ 97.65 Crore
4. Prescribed CSR expenditure (two percent of the amount as in item 3 above): ₹ 195.30 Lacs
5. Details of CSR spent during the Financial Year 2015-16
  - a) Total amount to be spent for the Financial year: ₹ 195.30 Lacs
  - b) Amount unspent, if any: ₹ 6.07 Lacs
  - c) Manner in which the amount spent during the financial year detailed below:

## ANNEXURE TO THE DIRECTORS' REPORT

The details are as under:

(₹ in Lacs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) projects or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects 2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Building of toilets in School	Sanitation	Trichur District, Kerala	12.78	15.48	15.48	Direct
2	Slum Area Development in Adivasi area	Slum Area Development	Trichur District, Kerala	177.52	168.75	168.75	Direct
3	Promotion of Education (Through Moral Education & Charitable Trust)	Promoting Education	Karaikal, Puducherry	5.00	5.00	5.00	Trust
				195.30	189.23	189.23	

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

The Company was required to spend ₹ 195.30 Lacs (2% of the average net profits of last three financial years) on CSR activities during the financial year 2015-16. Accordingly, the Company has spent ₹ 189.23 Lacs on CSR activities during the financial year 2015-16 and the balance amount of ₹ 6.07 Lac will be spent during the Financial Year 2016-17 for housing in Adivasi Area of Trichur District. The said projects being construction projects have a time line.

An expenditure of ₹ 45.59 Lac which stood committed from the previous financial year towards Slum Area development in Adivasi Area of Trichur District (₹ 11.16 Lac) and Building of toilets in school in Trichur District (₹ 34.43 Lac) was spent for the same purpose during the financial year 2015-16.

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

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

**M. P. Ramachandran**  
Chairman & Managing Director  
and Chairman- CSR Committee  
(DIN: 00553406)

Mumbai,  
May 23, 2016



## ANNEXURE TO THE DIRECTORS' REPORT

### Particulars of Loans, Guarantees and Investments

Amount outstanding as at March 31, 2016

Particulars	Amount (₹ in Crore)
Loans given	472.50
Guarantee given*	54.29
Investments made	
Current	66.24
Non-Current	243.13

\* Corporate guarantee given ₹ 66.12 Crores & financial exposure ₹ 54.29 Crores

Name of Entity	Relation	Amount (₹ In Crore)	Particulars of loan, guarantee and investments	Purpose for which the loans, guarantee and investments are proposed to be utilized
Jyothy Consumer Products Marketing Limited (JCPML)	Subsidiary	39.00	Loan	No additional loan has been given during the year. The increase is on account of unpaid interest added to the loan given and loan transferred on account of merger of Associated Industries Consumer Products Private Limited with JCPML
M/s JFSL – JLL (JV)	Joint Venture	0.05	Investment	Business Purpose.

For and on behalf of the Board of Directors

For Jyothy Laboratories Limited

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

Mumbai, May 23, 2016

## ANNEXURE TO THE DIRECTORS' REPORT

### SECRETARIAL AUDIT REPORT

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

#### FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2016

To  
The Members  
**JYOTHY LABORATORIES LIMITED**  
'Ujala House', Ramkrishna Mandir Road,  
Kondivita, Andheri (East),  
Mumbai-400059

Dear Sirs,

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

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31<sup>st</sup> March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Jyothy Laboratories Limited ("the Company") as given in Annexure I, for the financial year ended on 31<sup>st</sup> March, 2016, according to the provisions of:
  - (i) The Companies Act, 1956 and / or the Companies Act, 2013 (the Act) and the rules made there under;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

(effective upto 14<sup>th</sup> May 2015) and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from 15<sup>th</sup> May 2015);

- ii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- iii. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- iv. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-
  - i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - ii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - iii. The Securities and Exchange Board of India (Registrars to a Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; and
  - iv. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
3. Provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of External Commercial Borrowings were not attracted to the Company in the financial year under report.
4. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with other Acts, Laws and Regulations applicable specifically to the Company as mentioned hereunder:
  - i. Legal Metrology Act, 2009;
  - ii. Legal Metrology (Packaged Commodities) Rules, 2011;
  - iii. Environment [Protection] Act, 1986;

## ANNEXURE TO THE DIRECTORS' REPORT

- iv. Hazardous Wastes [Management And Handling] Rules, 1989;
- v. Insecticides Act, 1968;
- vi. Drugs and Cosmetics Act, 1940;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013; and
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s) (effective upto 30<sup>th</sup> November, 2015) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from 1<sup>st</sup> December, 2015);

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

### We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors took place during the financial year under report.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and

obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

We further report that during the year under report, the Company has not undertaken any event / action which would have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

### For RATHI & ASSOCIATES COMPANY SECRETARIES

**HIMANSHU S. KAMDAR**

**PARTNER**

**FCS No. 5171**

**COP No. 3030**

Place : Mumbai

Date: May 23, 2016

Note: This report should be read with our letter of even date which is annexed as Annexure II and forms an integral part of this report.

## ANNEXURE TO THE DIRECTORS' REPORT

### ANNEXURE – I

#### List of documents verified

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



## ANNEXURE TO THE DIRECTORS' REPORT

### Annexure II

To

The Members

**JYOTHY LABORATORIES LIMITED**

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For RATHI & ASSOCIATES**  
**COMPANY SECRETARIES**

**HIMANSHU S. KAMDAR**  
**PARTNER**  
**FCS No. 5171**  
**COP No. 3030**

Place : Mumbai

Date: May 23, 2016

## ANNEXURE TO THE DIRECTORS' REPORT

### ANNEXURE IV TO THE DIRECTORS' REPORT

#### Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

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

#### I. REGISTRATION AND OTHER DETAILS:

i) CIN:-	L24240MH1992PLC128651
ii) Registration Date:-	15/01/1992
iii) Name of the Company:-	JYOTHY LABORATORIES LIMITED
iv) Category / Sub-Category of the Company:-	Company Limited by shares/ Indian Non-Government Company
v) Address of the Registered office and contact details:-	'Ujala House', Ramkrishna Mandir Road, Kondivita, Andheri (East), Mumbai- 400059 Tel. No. : 022-66892800, Fax: 022-66892805 Email: secretarial@jyothy.com
vi) Whether listed company:-	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent:	Name : Link Intime India Pvt. Limited Address : C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai- 400 078 Tel. No. : 022-25963838/ 022-25946970 Fax No. : 022-25946969/ 022-25963838/ 022-25946970

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products	NIC Code of the Product	% to total turnover of the Company
1	Detergents	20233	41
2	Soaps	20231	33
3	Mosquito Repellent	20211	17

## ANNEXURE TO THE DIRECTORS' REPORT

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

SR. No	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Jyothy Kallol Bangladesh Limited 199, Tejgaon Industrial Area, Dhaka-1208, Bangladesh.	N.A.	Subsidiary	75%	Section2(87)(ii)
2	Four Seasons Drycleaning Company Private Limited 'Ujala House', Ramkrishna Mandir Road, Kondivita, Andheri (East), Mumbai – 400 059, Maharashtra.	U93010MH2002PTC246838	Subsidiary*	86.37%	Section2(87)
3	Snoways Laundrers & Drycleaners Private Limited N-119, North Block, Manipal Centre, Dickenson Road, Bangalore – 560042, Karnataka.	U93010KA2008PTC046087	Subsidiary*	42.32%	Section2(87)
4	Jyothy Consumer Products Marketing Limited 'Ujala House', Ramkrishna Mandir Road, Kondivita, Andheri (East), Mumbai – 400 059, Maharashtra.	U99999MH1974PLC242045	Subsidiary	100%	Section2(87)
5	Jyothy Fabricare Services Limited 'Ujala House', Ramkrishna Mandir Road, Kondivita, Andheri (East), Mumbai – 400 059, Maharashtra.	U17120MH2008PLC180246	Subsidiary	86.37%	Section2(87)

\* Wholly owned subsidiaries of Jyothy Fabricare Services Limited

## ANNEXURE TO THE DIRECTORS' REPORT

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

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. as on 01.04.2015				No. of Shares held at the end of the year i.e. as on 31.03.2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	10,58,81,401	-	10,58,81,401	58.49	105881401	-	10,58,81,401	58.46	-0.03*
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	1,50,00,000	-	1,50,00,000	8.29	1,50,00,000	-	1,50,00,000	8.28	-0.01*
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	12,08,81,401	-	12,08,81,401	66.78	12,08,81,401	-	12,08,81,401	66.74	-0.04*
<b>(2) Foreign</b>									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other –	-	-	-	-	-	-	-	-	-
Individuals									
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	12,08,81,401	-	12,08,81,401	66.78	12,08,81,401	-	12,08,81,401	66.74	-0.04*
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	73,92,840	550	73,93,390	4.08	1,08,28,825	550	1,08,28,825	5.98	1.90
b) Banks / FI	1,23,381	1,866	1,25,247	0.07	9,378	1,866	11,244	0.01	-0.06
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	63,15,404	-	63,15,404	3.49	60,73,329	-	60,73,329	3.35	-0.14
g) FIs	1,93,60,984	-	1,93,60,984	10.70	1,55,73,147	-	1,55,73,147	8.60	-2.10
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
Foreign Portfolio Investor (Corporate)	1,01,14,771	-	1,01,14,771	5.59	1,06,10,345	-	1,06,10,345	5.86	0.27
<b>Sub-total (B)(1):-</b>	4,33,07,380	2,416	4,33,09,796	23.92	4,30,94,474	2,416	4,30,96,890	23.79	-0.13



## ANNEXURE TO THE DIRECTORS' REPORT

Category of Shareholders	No. of Shares held at the beginning of the year i.e. as on 01.04.2015				No. of Shares held at the end of the year i.e. as on 31.03.2016				% Change during the year
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	61,17,727	3,232	61,20,959	3.38	60,24,878	3,207	60,28,085	3.33	-0.05
ii) Overseas					-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	89,01,034	8,59,873	97,60,907	5.39	91,55,867	8,31,272	99,87,139	5.51	0.12
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,50,681	-	1,50,681	0.08	1,50,681	-	1,50,681	.08	-
c) Others (specify)									
1. Qualified Individual Investors	-	-	-	-	-	-	-	-	-
2. Cleaning Members	1,05,579	-	1,05,579	0.06	1,66,397	-	1,66,397	0.09	0.03
3. Office Bearers and Directors/ Relatives	2,00,818	-	2,00,818	0.11	2,88,291	-	2,88,291	0.16	0.05
4. Non-Resident Individuals (Repatriable)	3,78,428	6,051	3,84,479	0.21	3,30,923	5801	3,36,724	0.19	-0.02
5. Non-Resident Individuals (Non-Repatriable)	93,860	-	93,860	0.05	93,351	-	93,351	0.05	-
6. Trusts	15,016	-	15,016	0.01	90,721	-	90,721	0.05	0.04
Sub-total (B)(2):-	1,59,63,143	8,69,156	1,68,32,299	9.30	1,63,01,109	8,40,280	1,71,41,389	9.47	0.17
Total Public Shareholding (B)=(B)(1)+ (B)(2)	5,92,70,523	8,71,572	6,01,42,095	33.22	5,93,95,583	8,42,696	6,02,38,279	33.26	0.04
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	18,01,51,924	8,71,572	18,10,23,496	100	18,02,76,984	8,42,696	18,11,19,680	100	-

\*The change in percentage shareholding of Promoters category is due to the increase in Paid Up Share Capital of the Company during the Financial Year 2015-16 pursuant to the shares allotted by the Company to its eligible employees under the approved ESOP Scheme.

## ANNEXURE TO THE DIRECTORS' REPORT

### (ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	M. P. RAMACHANDRAN	7,21,12,060	39.84	24.53	7,21,12,060	*39.81	23.30	-0.03
2	SAHYADRI AGENCIES LIMITED	1,50,00,000	8.29	0.00	1,50,00,000	*8.28	0.00	-0.01
3	M. P. DIVAKARAN	70,85,061	3.91	0.00	70,85,061	3.91	0.00	NIL
4	M. P. SIDHARTHAN	52,15,230	2.88	0.00	52,15,230	2.88	0.00	NIL
5	M. R. DEEPTHI	50,30,032	2.78	0.00	50,30,032	2.78	0.00	NIL
6	M. R. JYOTHY	46,18,084	2.55	0.00	46,18,084	2.55	0.00	NIL
7	M. G. SHANTHAKUMARI	36,17,954	2.00	0.00	36,17,954	2.00	0.00	NIL
8	U. B. BEENA	34,46,600	1.90	0.00	34,46,600	1.90	0.00	NIL
9	M .P. DIVAKARAN	19,04,000	1.05	0.00	19,04,000	1.05	0.00	NIL
10	K. ULLAS KAMATH	14,51,380	0.80	0.00	14,51,380	0.80	0.00	NIL
11	SIDHARTHAN M. P.	13,20,000	0.73	0.00	13,20,000	0.73	0.00	NIL
12	K. K. SUJATHA	81,000	0.04	0.00	81,000	0.04	0.00	NIL

\*The change in percentage shareholding of Promoters is due to the increase in Paid Up Share Capital of the Company during the Financial Year 2015-16 pursuant to the shares allotted by the Company to its eligible employees under the approved ESOP Scheme.

## ANNEXURE TO THE DIRECTORS' REPORT

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

There was no change in promoter's shareholding during the specified period i.e. 01.04.2015 to 31.03.2016

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

Sl No.	Name	Shareholding		Date	Increase / Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of shares at the beginning of the year (01-04-15)/End of the year 31-03-16	% of total shares of the company				No. of shares	% of total shares of the company
1	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	57,88,016	3.20	01/04/2015				
				10/04/2015	-39,321	Transfer	57,48,695	3.17
				17/04/2015	89,100	Transfer	58,37,795	3.22
				26/02/2016	552	Transfer	58,38,347	3.22
		58,38,347	3.22				58,38,347	3.22
2	FIDELITY MANAGEMENT & RESEARCH COMPANY A/C FIDELITY INVESTMENT TRUST - FIDELITY SERIES INTERNATIONAL SMALL CAP FUND	38,41,337	2.12	01/04/2015				
				10/07/2015	-35,000	Transfer	38,06,337	2.10
				09/10/2015	-8,790	Transfer	37,97,547	2.10
				16/10/2015	-31,210	Transfer	37,66,337	2.08
				13/11/2015	-40,000	Transfer	37,26,337	2.06
				12/02/2016	-8,689	Transfer	37,17,648	2.05
				19/02/2016	-41,311	Transfer	36,76,337	2.03
				26/02/2016	-28,838	Transfer	36,47,499	2.01
				04/03/2016	-71,162	Transfer	35,76,337	1.97
				11/03/2016	-75,000	Transfer	35,01,337	1.93
		35,01,337	1.93	31/03/2016			35,01,337	1.93
3	PARVEST EQUITY INDIA	28,31,184	1.56	01/04/2015				
				21/08/2015	3,00,000	Transfer	29,40,000	1.62
				31/12/2015	1,25,250	Transfer	30,65,250	1.69
				08/01/2016	3,05,000	Transfer	33,70,250	1.86
		33,70,250	1.86	31/03/2016			33,70,250	1.86
4	EMBLEM FII	28,31,184	1.56	01/04/2015				
				01/05/2015	55,000	Transfer	28,86,184	1.59
				08/05/2015	85,000	Transfer	29,71,184	1.64
				15/05/2015	3,816	Transfer	29,75,000	1.64
				29/05/2015	1,00,000	Transfer	30,75,000	1.70
		30,75,000	1.70	31/03/2016			30,75,000	1.70

## ANNEXURE TO THE DIRECTORS' REPORT

SI No.	Name	Shareholding		Date	Increase / Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of shares at the beginning of the year (01-04-15)/End of the year 31-03-16	% of total shares of the company				No. of shares	% of total shares of the company
5	L AND T MUTUAL FUND TRUSTEE LTD- L AND T TAX ADVANTAGE FUND	26,99,209	1.49	01/04/2015				
				10/04/2015	10,000	Transfer	27,09,209	1.50
				17/04/2015	5,000	Transfer	27,14,209	1.50
				24/04/2015	3,908	Transfer	27,18,117	1.50
				22/05/2015	14,800	Transfer	27,32,917	1.51
				05/06/2015	15,000	Transfer	27,47,917	1.52
				12/06/2015	6,133	Transfer	27,54,050	1.52
				19/06/2015	5,000	Transfer	27,59,050	1.52
				26/06/2015	60,621	Transfer	28,19,671	1.56
				31/07/2015	10,000	Transfer	28,29,671	1.56
				07/08/2015	68,037	Transfer	28,97,708	1.60
				27/08/2015	39,362	Transfer	29,37,070	1.62
				25/09/2015	16,900	Transfer	29,53,970	1.63
				30/09/2015	2,000	Transfer	29,55,970	1.63
				09/10/2015	29,673	Transfer	29,85,643	1.65
				16/10/2015	-13,263	Transfer	29,72,380	1.64
				23/10/2015	-35,410	Transfer	29,36,970	1.62
				30/10/2015	-18,004	Transfer	29,18,966	1.61
				13/11/2015	5,000	Transfer	29,23,966	1.61
				04/12/2015	9,730	Transfer	29,33,696	1.62
				18/12/2015	10,000	Transfer	29,43,696	1.63
				25/12/2015	10,000	Transfer	29,53,696	1.63
				08/01/2016	3,707	Transfer	29,57,403	1.63
				15/01/2016	5,000	Transfer	29,62,403	1.64
				19/02/2016	5,000	Transfer	29,67,403	1.64
		29,67,403	1.64	31/03/2016			29,67,403	1.64
6	HASHAM INVESTMENT AND TRADING COMPANY PRIVATE LTD	Nil	-	01/04/2015				
				01/05/2015	25,21,090	Transfer	25,21,090	1.39
		25,21,090	1.39	31.03/2016			25,21,090	1.39

## ANNEXURE TO THE DIRECTORS' REPORT

Sl No.	Name	Shareholding		Date	Increase / Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of shares at the beginning of the year (01-04-15)/End of the year 31-03-16	% of total shares of the company				No. of shares	% of total shares of the company
7	WF ASIAN COMPANIES SMALLER FUND LIMITED	25,05,869	1.38	01/04/2015	0	Nil movement during the year		
		25,05,869	1.38	31/03/2016			25,05,869	1.38
8	PI OPPORTUNITIES FUND I	23,03,446	1.27	01/04/2016	0	Nil movement during the year		
		23,03,446	1.27	31/03/2016			23,03,446	1.27
9	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP	15,20,000	0.84	01/04/2015				
				30/06/2015	-1,524	Transfer	15,18,476	0.84
				03/07/2015	-8,476	Transfer	15,10,000	0.83
				07/08/2015	40,000	Transfer	15,50,000	-0.86
				11/09/2015	10,000	Transfer	15,60,000	0.86
				27/11/2015	3,25,000	Transfer	18,85,000	1.04
				08/01/2016	8,627	Transfer	18,93,627	1.05
		18,93,627	1.05	31/03/2016			18,93,627	1.05
10	WF ASIAN ECINNAISANCE FUND LIMITED	4,53,000	0.25	01/04/2015				
				04/03/2016	13,21,379	Transfer	17,74,379	0.98
		17,74,379	0.98	31/03/2016			17,74,379	0.98



## ANNEXURE TO THE DIRECTORS' REPORT

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

1. Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Mr. M. P. Ramachandran</b>				
01/04/2015	7,21,12,060	39.84	7,21,12,060	39.84
Increase / Decrease in Share holding	No movement	No movement	No movement	No movement
31/03/2016	7,21,12,060	39.81	7,21,12,060	39.81*

\* The change in percentage shareholding is due to the increase in Paid Up Share Capital of the Company during the Financial Year 2015-16 pursuant to the shares allotted by the Company to its eligible employees under the approved ESOP Scheme.

2. Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Ms. M. R. Jyothy</b>				
01/04/2015	46,18,084	2.55	46,18,084	2.55
Increase / Decrease in Share holding	No movement	No movement	No movement	No movement
31/03/2016	46,18,084	2.55	46,18,084	2.55

3. Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Mr. K. Ullas Kamath</b>				
01/04/2015	14,51,380	0.80	14,51,380	0.80
Increase / Decrease in Share holding	No movement	No movement	No movement	No movement
31/03/2016	14,51,380	0.80	14,51,380	0.80

4. Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Mr. S. Raghunandan</b>				
01/04/2015	1,95,388	0.11	1,95,388	0.11
Increase / Decrease in Share holding	No movement	No movement	No movement	No movement
31/03/2016	1,95,388	0.11	1,95,388	0.11

5. Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Mr. Bipin R. Shah</b>				
01/04/2015	100	0.00	100	0.00
Increase / Decrease in Share holding	No movement	No movement	No movement	No movement
31/03/2016	100	0.00	100	0.00

## ANNEXURE TO THE DIRECTORS' REPORT

6. Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Mr. Nilesh B. Mehta</b>				
01/04/2015	Nil	Nil	Nil	Nil
Increase / Decrease in Share holding	No movement	No movement	No movement	No movement
31/03/2016	Nil	Nil	Nil	Nil

7. Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Mr. K. P. Padmakumar</b>				
01/04/2015	Nil	Nil	Nil	Nil
Increase / Decrease in Share holding	No movement	No movement	No movement	No movement
31/03/2016	Nil	Nil	Nil	Nil

8. Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Mr. R. Lakshminarayanan</b>				
01/04/2015	Nil	Nil	Nil	Nil
Increase / Decrease in Share holding	No movement	No movement	No movement	No movement
31/03/2016	Nil	Nil	Nil	Nil

9. Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Mr. M. L. Bansal</b>				
01/04/2015	Nil	Nil	Nil	Nil
Increase / Decrease in Share holding	No movement	No movement	No movement	No movement
31/03/2016	Nil	Nil	Nil	Nil

## ANNEXURE TO THE DIRECTORS' REPORT

### V. INDEBTEDNESS

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

(Amt. in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year as on 01/04/2015</b>				
i) Principal Amount	5,15,00,00,000	-	-	5,15,00,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,77,16,372	-	-	3,77,16,372
<b>Total (i+ii+iii)</b>	<b>5,18,77,16,372</b>	<b>-</b>	<b>-</b>	<b>5,18,77,16,372</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition (Includes only Principal)	-	-	-	-
• Reduction (Includes only Principal)	(1,15,00,00,000)	-	-	(1,15,00,00,000)
<b>Net Change</b>	<b>(1,15,00,00,000)</b>	<b>-</b>	<b>-</b>	<b>(1,15,00,00,000)</b>
<b>Indebtedness at the end of the financial year as on 31/03/2016</b>				
i) Principal Amount	4,00,00,00,000	-	-	4,00,00,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>4,00,00,00,000</b>	<b>-</b>	<b>-</b>	<b>4,00,00,00,000</b>

## ANNEXURE TO THE DIRECTORS' REPORT

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amt. in ₹)

Sl. no	Particulars of Remuneration	Name of MD/ WTD/ Manager				Total Amount
		M.P. Ramachandran	K. Ullas Kamath	S.Raghunandan	M.R. Jyothy	
		Chairman and Managing Director	Joint Managing Director & CFO	Whole Time Director & CEO	Whole Time Director	
1	Gross salary (a) Salary as per 1 provisions contained in section 17(1) of the Income-tax Act, 1961	1	1,80,00,000	4,37,60,000	92,40,000	7,10,00,001
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	4,21,03,510	3,78,93,159	-	-	7,99,96,669
	- others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Provident Fund	-	21,60,000	47,52,000	10,08,000	79,20,000
	Superannuation	-	18,00,000	-	-	18,00,000
	Total (A)	4,21,03,511	5,98,53,159	4,85,12,000	1,02,48,000	16,07,16,670
	Ceiling as per the Act	₹ 21,05,17,550 (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013).				

Note: Refer footnote given to Note. 31 of the financial statements

## ANNEXURE TO THE DIRECTORS' REPORT

### B. Remuneration To Other Directors

(Amt. in ₹)

Sl. no	Particulars of Remuneration	Name of Directors				Total Amount
		Bipin R. Shah	Nilesh B. Mehta	K. P. Padmakumar	R. Lakshiminarayanan	
1	<b>Independent Directors</b>					
	• Fee for attending board / committee meetings	1,35,000	1,75,000	1,20,000	85,000	5,15,000
	• Commission	8,00,000	8,00,000	8,00,000	8,00,000	32,00,000
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>9,35,000</b>	<b>9,75,000</b>	<b>9,20,000</b>	<b>8,85,000</b>	<b>37,15,000</b>
2	<b>Other Non-Executive Directors</b>					
	• Fee for attending board / committee meetings					
	• Commission			Nil		
	• Others, please specify					
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>9,35,000</b>	<b>9,75,000</b>	<b>9,20,000</b>	<b>8,85,000</b>	<b>37,15,000</b>
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	₹ 2,10,51,755 (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013).				

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

(Amt. in ₹)

Sl. no	Particulars of Remuneration	Key Managerial Personnel			
		CEO*	Murari Lal Bansal	CFO*	Total
			Company Secretary		
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	37,64,911	-	37,64,911
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5	Others, please specify...				
	Provident Fund	-	4,32,000	-	4,32,000
	Superannuation	-	3,60,000	-	3,60,000
	<b>Total</b>		<b>45,56,911</b>		<b>45,56,911</b>

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



## **ANNEXURE TO THE DIRECTORS' REPORT**

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

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

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

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

Mumbai,  
May 23, 2016

## ANNEXURE TO THE DIRECTORS' REPORT

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

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director	Designation	Remuneration Current Year	% increase in Remuneration in the financial year 2015-16	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of Remuneration of the KMP against Performance of the Company
1	M. P. Ramachandran	Chairman and Managing Director	4,21,03,511	34.65	185:1	Profit before Tax increased by 37.09% and profit after tax increased by 13.71 % in financial year 2015-16
2	K. Ullas Kamath	Joint Managing Director and Chief Financial Officer	5,98,53,159	19.46	262:1	
3	S. Raghunandan	Whole Time Director and Chief Executive Officer	4,85,12,000	0.00	213:1	
4	M. R. Jyothy	Whole Time Director	1,02,48,000	5.41	45:1	
5	Nilesh B. Mehta	Independent Director	9,75,000	8.33	4:1	
6	K.P. Padmakumar	Independent Director	9,20,000	6.98	4:1	
7	Bipin R. Shah	Independent Director	9,35,000	1.08	4:1	
8	R. Lakshminarayanan	Independent Director	8,85,000	2.31	4:1	
9	Murari Lal Bansal	Company Secretary	45,56,911	2.24	Not Applicable	Profit before Tax increased by 37.09% and profit after tax increased by 13.71 % in financial year 2015-16

- (ii) In the financial year, there was an increase of 8.09% in the median remuneration of employees;
- (iii) There were 2,395 permanent employees on the rolls of Company as on March 31, 2016;
- (iv) Relationship between average increase in remuneration and company performance: - The Profit before Tax for the financial year ended March 31, 2016 increased by 37.09% and the increase in remuneration was 8.6%.
- (v) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company: The total remuneration of Key Managerial Personnel (i.e. persons mentioned against Sr. No. 1 to 4 and Sr. No. 9) increased by 14.72% from ₹ 14.41 Crore in 2014-15 to ₹ 16.53 Crore in 2015-16 whereas the Profit before Tax increased by 37.09% to 201.41 Crore in 2015-16 (146.92 Crore in 2014-15).

## ANNEXURE TO THE DIRECTORS' REPORT

- (vi) a) Variations in the market capitalisation of the Company: The market capitalisation as on March 31, 2016 was ₹ 5,277.83 Crore (₹ 4,838.76 Crore as on March 31, 2015);
- b) Price Earnings ratio of the Company was 32.49 as at March 31, 2016 and was 33.88 as at March 31, 2015;
- c) Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year- The offer price at the time of Initial Public Offer in 2007 was ₹ 690 per equity share of face value of ₹ 5/- per share, but after adjustment for share split in 5:1 ratio and bonus issue of 1:1, it work out to ₹ 69/- per share of ₹ 1/- each. The closing share price of the Company at NSE on March 31, 2016 being ₹ 291.40/- per equity share of face value of ₹ 1/- each has grown 4.22 times of the IPO price.
- (vii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 8.6% whereas the managerial remuneration for the same financial year increased by 14.48%.
- (viii) The key parameters for the variable component of remuneration availed by the directors are as per the Remuneration Policy of the Company.
- (ix) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable; and
- (x) It is hereby affirmed that the remuneration paid is as per Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

## ANNEXURE TO THE DIRECTORS' REPORT

### STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A. Employed throughout the Financial Year 2015-16 with an aggregate salary not less than ₹ 60,00,000/- per annum:

Name	Age	Qualification	Designation	Date of Commencement of employment	Experience (years)	Total Gross Remuneration	Previous Employment
M. P. RAMACHANDRAN	70	Postgraduate Degree in Financial Management	Chairman and Managing Director	15-01-1992	41 years	4,21,03,511	Proprietor – Jyothy Laboratories
K. ULLAS KAMATH	53	M.Com., F.C.A., A.C.S., L.L.B., A.M.P. – Wharton Business School and Harvard Business School, U.S.A	Joint Managing Director and Chief Financial Officer	26-03-1997	30 years	5,98,53,159	Practicing Chartered Accountant
S RAGHUNANDAN	51	PGDBM – IIM Calcutta M.Sc., BE Hons in Chemical Engg – BITS Pilani	Director and Chief Executive Officer	23-05-2012	26 years	4,85,12,000	Managing Director-Reckitt Benckiser India Limited
M. R. JYOTHY	38	Bcom,MBA,Family Manged Business administration from S.P.Jain Institute of Management, Owner/ President Management Programme from Harvard University, USA	Director	01-01-2004	12 years	1,02,48,000	-
RAJNIKANT SABNAVIS	49	B.E. (Mech), MBA.	Vice President - Sales & Marketing	21-10-2013	25 years	3,19,33,827	Unilever / Regional Category Vice President (Hair Care - South Asia)
NEETU KASHIRAMKA	42	B. Com, CA.	Vice President - Finance	21-11-2000	18 years	98,35,434	Kewal Kiran & Co- Asst. Manager- Accounts
DINESH KUMAR JHAMB	48	B. Sc., MBA	National Sales Manager	09-12-2014	27 years	1,56,32,641	Dabur India Ltd / GM - Sales
S SOMASUNDARAM	46	B. Sc.	AVP - Sourcing & Supply Chain	17-08-2012	20.7 years	90,35,773	Kumar Organic Product Limited - Vice President Operation
VENKITACHALAM IYER	54	B. Com	Head - Corporate Sales	07-12-1999	16.8 years	94,30,059	Henkel India Limited - Head -Corporate Sales

B. Employed for part of the financial year 2015-16 with an aggregate salary not less than ₹ 5,00,000/- per month:

Name	Age	Qualification	Designation	Date of Commencement of employment	Experience (years)	Total Gross Remuneration	Previous Employment
PRATYAYA CHAKRABARTI (resigned w.e.f. 31.08.2015)*	45	BE (Chemical) – Jadavpur University	Vice President - Manufacturing and R&D	12-09-2012	23 years	70,63,505	Unilver / Head - R&D
JAGADISH K N (expired on 15/06/2015)	59	Graduate	Asst Vice President-Sales	01-11-1988	39.7 years	27,24,397	Self Employed
SIDDHARTH GUPTA	44	B.E. (Mech), MBA.	HEAD-Key Accounts	16-08-2012	15 years	9,57,024	Paras Pharmaceutical Ltd - GM, Supermax Personal Care India Pvt Ltd - Head Modern Trade
NANDAKUMAR P K	51	BA	Sr. Officer - Accounts	03-12-1987	27.5 years	11,50,497	-

#### Notes:

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

# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

The composition of the Board of Directors is as under:

Name of the Member of the Board	Category	Relationship with other Directors
Mr. M. P. Ramachandran	Promoter/ Chairman & Managing Director	Father of Ms. M. R. Jyothy
Mr. K. Ullas Kamath	Joint Managing Director & CFO	None
Mr. S. Raghunandan*	Whole Time Director & CEO	None
Ms. M. R. Jyothy	Whole Time Director	Daughter of Mr. M. P. Ramachandran
Mr. Nilesh B. Mehta	Independent Director	None
Mr. K. P. Padmakumar	Independent Director	None
Mr. Bipin R. Shah	Independent Director	None
Mr. R. Lakshminarayanan	Independent Director	None

\*Ceased to be the Whole Time Director and Chief Executive Officer w.e.f. May 23, 2016.

## Attendance of Directors at Board Meetings and Annual General Meeting:

During the year ended on March 31, 2016, the Board of Directors met six times viz., on May 25, 2015, July 30, 2015, October 20, 2015, January 28, 2016, March 10, 2016 and March 14, 2016. The last Annual General Meeting (AGM) of the Company was held on July 30, 2015. The Details of attendance of Directors at the aforesaid Board Meetings and at the last AGM is as under:

Name of Director	Number of Board Meeting in FY 2015-16		Attendance at the Last Annual General Meeting
	Held	Attended	
Mr. M. P. Ramachandran	6	6	Yes
Mr. K. Ullas Kamath	6	5	Yes
Mr. S. Raghunandan	6	6	Yes
Ms. M. R. Jyothy	6	6	Yes
Mr. Nilesh B. Mehta	6	6	Yes
Mr. K. P. Padmakumar	6	4	Yes
Mr. Bipin R. Shah	6	5	Yes
Mr. R. Lakshminarayanan	6	4	Yes

## BOARD OF DIRECTORS

### Composition:

The Board of Directors of the Company have an optimum combination of Executive and Non-Executive Directors with one Woman Director and fifty percent of the Board of Directors comprising of Non-Executive Directors. During the year 2015-16, the Board comprised of 8 (Eight) members of whom 4 (Four) are Executive Directors and 4 (Four) are Non-Executive / Independent Directors. Mr. M. P. Ramachandran is the Promoter and the Chairman & Managing Director of the Company and hence 50% of the Board consists of Independent Directors. The composition of the Board of Directors of the Company is in conformity with the provisions of Companies Act, 2013 and Regulation 17 of the Listing Regulations (earlier Clause 49 of the Listing Agreement).



Board Members and their Directorships in other Public Limited/ Listed Companies as on March 31, 2016 is as under:

Name of Director	Directorships in other Public Limited Companies <sup>#</sup>		Committee positions in other Public Limited Companies <sup>@</sup>	
	Public	Listed	Member	Chairman
Mr. M. P. Ramachandran	3	1	3	1
Mr. K. Ullas Kamath	1	1	2	-
Mr. S. Raghunandan	1	-	1	-
Ms. M. R. Jyothy	1	-	-	-
Mr. Nilesh B. Mehta	1	1	-	1
Mr. K. P. Padmakumar	3	-	1	2
Mr. Bipin R. Shah	2	1	2	1
Mr. R. Lakshminarayanan	2	-	2	-

<sup>#</sup> Excludes directorship in Indian Private Limited Companies, Foreign Companies, Companies under Section 8 of the Companies Act, 2013.

<sup>@</sup> Only chairmanship/ membership of Audit Committee and Stakeholders' Relationship Committee are considered.

### FAMILIARIZATION PROGRAMMES

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

### AUDIT COMMITTEE

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

### Composition, Meetings and Attendance

The Audit Committee had 5 meetings during the year 2015-16 viz., on May 25, 2015, July 30, 2015, October 20, 2015, January 28, 2016 and March 14, 2016. The Composition of the committee and attendance of each Committee Member is as under:

Sr. No.	Name of the Director	No. of Meetings	
		Held	Attended
1	Mr. Nilesh B. Mehta (Chairman) – Independent Director	5	5
2	Mr. K. P. Padmakumar - Independent Director	5	4
3	Mr. Bipin R. Shah – Independent Director	5	4
4	Mr. K. Ullas Kamath – Joint Managing Director & CFO	5	5

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

### Terms of Reference of Audit Committee

The Terms of reference of the Audit Committee of the Company are in accordance with the Section 177 and other applicable provisions of the Companies Act, 2013, and the Rules framed thereunder and Regulation 18 (earlier Clause 49 of the Listing Agreement) of the Listing Regulations which inter alia include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure

that the financial statement is correct, sufficient and credible;

2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with the listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Modified opinion(s) in the draft Audit Report;
5. Reviewing, with the management, examine the quarterly and annual financial statements and auditors' report before submission to the Board for approval;
  6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  7. Review and monitor the Auditor's independence and performance and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the Company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the Company, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
  14. Discussion with Internal Auditors of any significant findings and follow up there on;
  15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  16. Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  18. To review the functioning of the Whistle Blower Mechanism or Vigil Mechanism;
  19. Approval of appointment of Chief Financial Officer (i.e. the Whole Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
- The role of the Audit Committee is in accordance with the provisions of Regulation 18(3) of the Listing Regulations read with Para A of Part C of Schedule II to the Listing Regulations (earlier Clause 49 of the Listing Agreement) and Section 177 of the Companies Act, 2013.

In addition, the Committee also reviews the information as specified in Para B of Part C of Schedule II to the Listing Regulations.

## **NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE**

### **Composition, Meetings and Attendance**

The Nomination, Remuneration and Compensation Committee comprises of the following four Members. The Committee during the year ended March 31, 2016 met 3 times viz., on May 25, 2015, July 30, 2015 and March 14, 2016.

The attendance at these meetings was as under:

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

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

The Committee is duly constituted in accordance with Section 178 and other provisions of Companies Act, 2013 and Regulation 19 of the Listing Regulations (earlier Clause 49 of the Listing Agreement) and is empowered to do the following:

- (1) To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, a policy relating to appointment and remuneration for Directors, Key Managerial Personnel and other senior employees;
- (2) To formulate criteria for evaluation of the members of the Board of Directors including Independent Directors, the Board of Directors and the Committees thereof;
- (3) To devise policy on Board Diversity;
- (4) To identify persons, qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board, their appointment and where necessary, their removal;
- (5) To formulate policy ensuring the following:
  - a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully,
  - b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks, and
  - c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- (6) To design the Company's policy on specific remuneration packages for Executive/ Whole Time Directors and Key Managerial Personnel including pension rights and any other compensation payment;

- (7) To determine, peruse and finalize terms and conditions including remuneration payable to Executive/ Whole Time Directors and Key Managerial Personnel of the Company from time to time;
- (8) To review, amend or ratify the existing terms and conditions including remuneration payable to Executive/ Whole Time Directors and Key Managerial Personnel of the Company;
- (9) To apply to the Ministry of Corporate Affairs, New Delhi or any authority subordinated there under regarding their approval for payment of remuneration to Executive/ Whole Time Directors as may be required under the said Act;
- (10) To consider and approve ESOP Scheme and to perform all such acts, deeds and functions including, but not limited to, the matters specified in Clause 5 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and matters incidental/ supplemental thereto;
- (11) To recommend to the Board of Directors, their decisions and further actions as they may deem fit.

#### Performance evaluation criteria for Independent Directors:

As per the Remuneration Policy of the Company, the Independent Directors will be evaluated on five criteria as mentioned below:

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

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

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

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

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

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

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

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

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

### Remuneration Policy

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

- a) While determining the remuneration of Executive Directors and Key Managerial Personnel, the Board considers following factors:
  - i) Criteria/ norms for determining the remuneration of such employees prescribed in the HR Policy.

- ii) Existing remuneration drawn.
- iii) Industry standards, if the data in this regard is available.
- iv) The job description.
- v) Qualifications and experience levels of the candidate.
- vi) Remuneration drawn by the outgoing employee, in case the appointment is to fill a vacancy on the death, resignation, removal etc. of an existing employee.
- vii) The remuneration drawn by other employees in the grade with matching qualifications and seniority, if applicable.

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

The amount of sitting fee and commission payable to Non-Executive Directors shall not exceed the limits prescribed under the provisions of the Companies Act, 2013 and approved by Members of the Company.

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

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

## Details of Remuneration paid to Directors for the financial year ended March 31, 2016:

### Executive Directors

(Amount in ₹ except Stock Options Data)

Name of the Director	Salary including Benefits & Perquisites	Provident Fund	Superannuation	Commission payable	Total	Stock Options Granted (In Nos.)
Mr. M. P. Ramachandran	1	-	-	4,21,03,510	4,21,03,511	-
Mr. K. Ullas Kamath	1,80,00,000	21,60,000	18,00,000	3,78,93,159	5,98,53,159	-
Mr. S. Raghunandan	4,37,60,000	47,52,000	-	-	4,85,12,000	22,62,793*
Ms. M. R. Jyothy	92,40,000	10,08,000	-	-	1,02,48,000	-

For further details please refer to Note No. 31 of the Notes to Financial Statements which forms part of the Annual Report.

\* Initially 27,15,352 stock options were granted, out of which 4,52,558 options were cancelled by mutual consent between the Company and the Grantee. The options shall vest over a period of 4 years on the basis of time and performance. Exercise period will be 5 years from the date of vesting of options and Exercise price will be ₹ 1/- per share.

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

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

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

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

Details of sitting fees & commission paid to the Independent Directors during the year 2015-16 along with their Shareholding as on date of this Report are as under:

Sr. No.	Name of the Directors	Sitting Fees (₹)	Commission (₹)	No. of Shares held
1	Mr. Nilesh B. Mehta	1,75,000	8,00,000	-
2	Mr. K. P. Padmakumar	1,20,000	8,00,000	-
3	Mr. Bipin R. Shah	1,35,000	8,00,000	100
4	Mr. R. Lakshminarayanan	85,000	8,00,000	-

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

The Committee is headed by Mr. Nilesh B. Mehta, Independent Director and the Committee consists of three members as stated below. During the year ended March 31, 2016, this Committee had 4 meetings which were held on May 25, 2015, July 30, 2015, October 20, 2015 and January 28, 2016 and attended by the members as under:

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

Mr. M. L. Bansal, Company Secretary is designated as Compliance Officer of the Company who oversees the redressal of investor grievances.

During the financial year, the Company received 155 complaints/ correspondences and 156 were disposed off. There was 1 complaint pending at the beginning of the financial year which was disposed off during the year. At the end of the financial year 2015-16, there is no complaint pending. All complaints/ queries were generally disposed off within one week of its receipt.

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

CSR Committee was constituted pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, on May 22, 2015. The Composition of the Committee and attendance of the members of the Committee at the meetings held is as below. The CSR Committee met two times during the year ended March 31, 2016 viz., on May 25, 2015 and January 28, 2016.

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

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

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

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

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

### DEPOSITORY ESCROW ACCOUNT

As on March 31, 2016, 300 Equity Shares belonging to 3 applicants were lying in the Depository Escrow Account.

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

### GENERAL BODY MEETING

#### Annual General Meetings

Last three Annual General Meetings of the Company were held at the venue and time as under:

Year	Date of Annual General Meeting	Time of Meeting	Whether Special Resolutions passed	Venue
2014-15 24 <sup>th</sup> AGM	July 30, 2015	11.00 a.m.	No	M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4 <sup>th</sup> Floor, 18/20 K. Dubhash Marg, Kala Ghoda, Mumbai – 400001
2013-14 23 <sup>rd</sup> AGM	August 13, 2014	10.30 a.m.	Yes	M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4 <sup>th</sup> Floor, 18/20 K. Dubhash Marg, Kala Ghoda, Mumbai – 400001
2012-13 22 <sup>nd</sup> AGM	August 12, 2013	10.30 a.m.	Yes	M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4 <sup>th</sup> Floor, 18/20 K. Dubhash Marg, Kala Ghoda, Mumbai – 400001



All resolutions at the 23<sup>rd</sup> and 24<sup>th</sup> Annual General Meetings were passed through e-voting and physical ballots were sent by post or cast at the AGM.

All special resolutions at the 22<sup>nd</sup> Annual General Meetings were passed by show of hands.

### Special Resolutions Passed through Postal Ballot

During the year, the members of the Company had approved special resolutions for amendment in the Objects Clause

of the Memorandum of Association of the Company and partial modification of Ordinary Resolution approved by the shareholders at the Annual General Meeting held on August 13, 2014 with regard to re-appointment and payment of remuneration to Mr. S. Raghunandan through postal ballot effective July 30, 2015 and September 02, 2015 respectively.

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

Special Resolutions	Votes cast in favour		Votes cast against		Date of declaration of results
	No. of Votes	%	Member	%	
Alteration of the Objects Clause of the Memorandum of Association of the Company	14,83,83,285	99.99	7,528	0.01	September 14, 2015
Partial modification of Ordinary Resolution approved by the shareholders at the Annual General Meeting held on August 13, 2014 with regard to re-appointment and payment of remuneration to Mr. S. Raghunandan	13,57,33,385	90.22	1,47,09,453	9.78	October 16, 2015

### Procedure for Postal Ballot

In compliance with Clause 35B of the Listing Agreement and Section 108, 110 and other applicable provisions of the Companies Act, 2013 (the Act), read with Rule 22 of the Companies (Management and Administration) Rules, 2014, the Company had provided electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of CDSL for the purpose of providing remote e-voting facility to all its members. Members have the option to vote either by physical ballot or through remote e-voting.

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

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

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

None of the businesses proposed to be transacted at the ensuing 25<sup>th</sup> Annual General Meeting require the passing of a special resolution by way of Postal Ballot.

### DISCLOSURES

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

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

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

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

3. The Company has followed all relevant Accounting Standards while preparing Financial Statements and no treatment different from that prescribed in the Accounting Standard has been followed.
4. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict of interest with the interests of the Company at large.
5. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
6. The Company has in place Vigil Mechanism/ Whistle Blower Policy and the details of same are provided in the Board's Report. Further, it is affirmed that no personnel has been denied access to the Audit Committee.
7. The Company has laid down procedures to inform the Board members about the risk assessment and minimization procedures.
8. During the year ended March 31, 2016, Jyothy Fabricare Services Limited became a material subsidiary of the Company as defined in the policy for determining criteria of material subsidiaries as formulated by the Company and the web link thereto is

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

## CODE OF CONDUCT

The Board has adopted the code of conduct for all its Directors and Senior Management which has been displayed on the Company's website [www.jyothylaboratories.com](http://www.jyothylaboratories.com). All Board members and Senior Management Personnel have affirmed compliance with the code of conduct on annual basis. A declaration to this effect by the Whole Time Director & CEO of the Company forms part of this Annual Report.

## MEANS OF COMMUNICATION

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

## CEO/ CFO CERTIFICATE

Managing Director, Joint Managing Director & Chief Financial Officer (CFO) and Whole Time Director & Chief Executive Officer (CEO) have issued the certificate in terms of the Listing

Regulations. The said certificate is annexed and forms part of the Annual Report.

## COMPLIANCE UNDER DISCRETIONARY REQUIREMENT OF LISTING REGULATIONS

The Company complied with all mandatory requirements and has adopted non-mandatory requirement as per the details given below:

- a) **The Board:** The Company does not have Non-Executive Chairman.
- b) **Shareholder's Rights:** The quarterly and half yearly financial results are published in the newspaper, displayed on the website of the Company and are sent to the Stock Exchanges where the shares of the Company are listed. The half-yearly financial results are not separately circulated to the shareholders.
- c) **Modified Opinions in Audit Report:** The Company's Financial Statements are unqualified.
- d) **Separate posts of Chairman and CEO:** The Company has the Managing Director as the Chairman of the Company. Further a separate person has been appointed as Whole Time Director and CEO of the Company. However, Whole Time Director & CEO ceased to be as such w.e.f. May 23, 2016.
- e) **Reporting of Internal Auditors:** The Internal Auditors of the Company report to the Audit Committee.

## COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

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

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

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

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

## DISCLOSURE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS:

The Company has complied with all the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, wherever applicable to the Company.

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

## GENERAL SHAREHOLDER INFORMATION

- a) Annual General Meeting:** 25<sup>th</sup> Annual General Meeting of the Company will be held on July 21, 2016 at 11.00 a.m. at M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4<sup>th</sup> Floor, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai – 400001
- b) The Financial year covered by this Annual Report:** April 1, 2015 to March 31, 2016.
- c) Book Closure Dates:** From July 16, 2016 to July 21, 2016 (both days inclusive).
- d) Dividend Payment Date:** On or before July 31, 2016, subject to the approval of Shareholders at the ensuing Annual General Meeting.

## e) Listing on Stock Exchanges and Stock Codes:

The equity shares of the Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The annual listing fees for the year 2015-16 have been paid to both the stock exchanges. Following table indicates the Company's stock exchange codes.

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

## f) Registrar & Share Transfer Agents:

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound, L. B. S. Marg,  
Bhandup (West), Mumbai 400078,  
Phone: 0091 (0)22 25946970, Fax: 0091 (0)22 25946969  
E-mail: rnt.helpdesk@linkintime.co.in

## g) Share Transfer System:

Transfers are registered and returned by the Registrar & Share Transfer Agent within a period of 15 days from the date of receipt of the documents, provided the same are in order. The Company has constituted Securities Transfer Committee which considers the transfer proposals.

## h) Stock Market Price for the year:

Month	BSE Market Price (₹)		NSE Market Price (₹)	
	High	Low	High	Low
April 2015	287.00	242.60	287.35	242.60
May 2015	274.00	237.00	275.00	236.00
June 2015	309.60	239.55	309.50	240.30
July 2015	331.90	289.30	331.80	286.00
August 2015	342.00	266.65	341.50	261.00
September 2015	334.00	285.10	334.90	284.50
October 2015	330.00	305.00	326.75	305.00
November 2015	313.90	295.15	314.00	291.25
December 2015	318.75	285.00	318.55	285.00
January 2016	322.00	267.00	323.00	266.00
February 2016	290.35	252.60	291.00	252.10
March 2016	293.00	253.40	295.00	252.00

## i) Shareholding Pattern as on March 31, 2016:

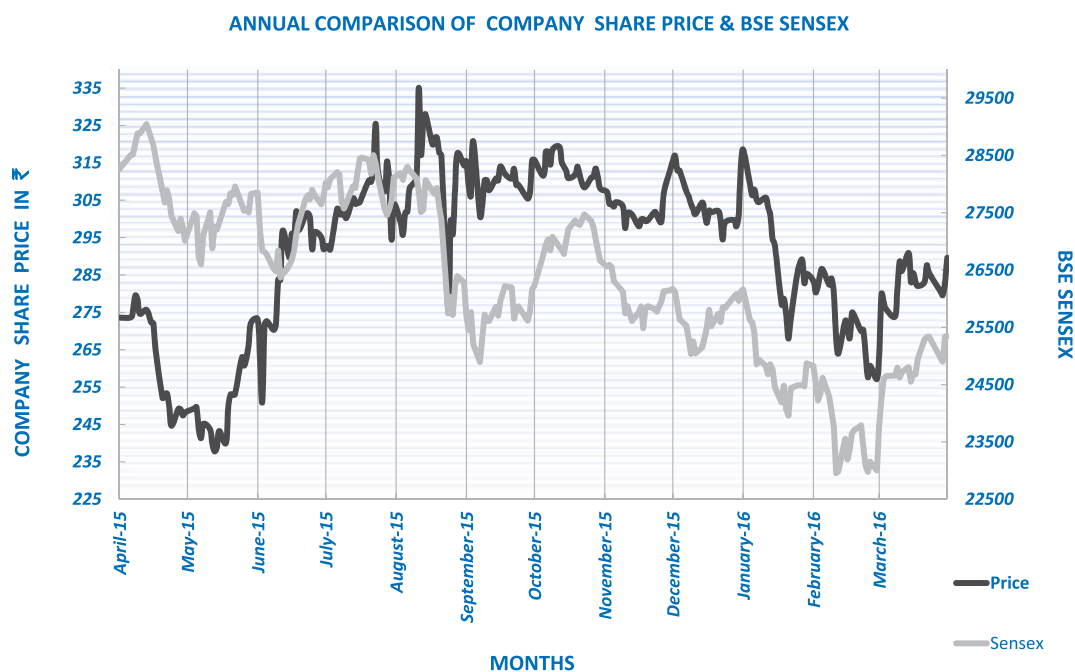
Category	No. of Shares	% to Total Share Capital
<b>1 Promoter and Promoter Group</b>	12,08,81,401	66.74
<b>2 Institutions</b>		
Mutual Funds	1,08,28,825	5.98

Category	No. of Shares	% to Total Share Capital
Financial Institutions/ Banks	11,244	0.01
Insurance Companies	60,73,329	3.35
Foreign Portfolio Investors (including Foreign Institutional Investors)	2,61,83,492	14.45
<b>3 Non-Institutions</b>		
Bodies Corporate	60,28,085	3.33
Individuals	98,16,675	5.42
Non Resident Indians (Repatriable/ Non repatriable)	4,30,075	0.24
Employees	2,83,691	0.16
Trusts	90,721	0.05
Clearing Members	1,66,397	0.09
Hindu Undivided Family	3,25,745	0.18
<b>Total:</b>	<b>18,11,19,680</b>	<b>100.00</b>

j) **Distribution of Shareholding as on March 31, 2016:**

Sr. No	Slab of shareholding		Shareholders		Shares Value	
	No. of Equity shares held		Number	%	Face Value (₹)	%
	From	To				
1.	1	5,000	78,403	99.62	91,14,708	5.03
2.	5,001	10,000	120	0.15	8,50,032	0.47
3.	10,001	20,000	70	0.09	9,98,534	0.55
4.	20,001	30,000	11	0.01	2,84,357	0.16
5.	30,001	40,000	9	0.01	3,06,779	0.17
6.	40,001	50,000	5	0.01	2,28,588	0.13
7.	50,001	1,00,000	22	0.03	15,88,806	0.88
8.	1,00,001	& Above	62	0.08	16,77,47,876	92.62
<b>Total</b>			<b>78,702</b>	<b>100.00</b>	<b>18,11,19,680</b>	<b>100.00</b>

k) **Share Price (₹) in comparison with BSE Sensex:**



**l) Dematerialization of shares:**

As on March 31, 2016, 99.53% of total equity share capital of the Company was held in dematerialized form.

**m) Outstanding GDRs/ ADRs/ Warrants or any convertible instruments:** During the year 2015-16, the Company has not issued any GDRs/ ADRs/ Warrants or any convertible instruments.**n) Plant Locations:** Manufacturing Plants of the Company are situated at the following locations:-

- SHED NO. 25/26, IDA KOTHUR, DIST.: MEHBOOB NAGAR - 509228, TELANGANA.
- E.P.I.P COMPLEX, AIDC- AMINGAON, GUWAHATI - 781 031, ASSAM.
- SURVEY NO. 910/7/1, DOKMARDI, AMLI, SILVASSA - 396230, DADRA & NAGAR HAVELI.
- VILLAGE: KATHA, P.O.: BADDI, DIST.: SOLAN - 173205, HIMACHAL PRADESH.
- LANE NO 2, PHASE NO 2, SIDCO INDUSTRIAL COMPLEX, BARI BARHMANA, DIST.: SAMBA (JAMMU) - 180001, JAMMU & KASHMIR.
- MP IV/ 101 B, P.O.: KOLAGAPPARA, SULTHAN BATTERY- 673591, KERALA.
- KANDANASSERY, VIA-ARIYANNUR, GURUVAYUR- 680101, DIST. : TRICHUR , KERALA
- Plot No 201, SECTOR I, PITHAMPUR INDUSTRIAL AREA, DIST. DHAR - 454775, MADHYA PRADESH.
- 131 PERALAM MAIN ROAD, P.O.: THIRUNALLAR, DIST.: KARAICKAL - 609607, PONDICHERRY.
- R.S. No 12/1 & 2, UJALA NAGAR INDL. ESTATE, UJALA ROAD, THETHAMPAKKAM, VAI VAZHUDAVUR, P.O.: SUTHUKENY - 605502, PONDICHERRY.

- PLOT NO. 6, 7 & 8, BEARING KHASARA Nos. 361, 366 & 370, KIE INDUSTRIAL ESTATE, VILLAGE : MUNDIYAKI- 247667, UTTARAKHAND.

- KHASRANO.119, PARGANA BHAGWANPUR, VILLAGE RAIPUR, HARIDWAR, 247661, UTTARAKHAND.

- PLOT NO.656, NEW LIGHT HOUSE MORE, BISHNUPUR, DIST.: BANKURA -722122, WEST BENGAL.

**o) Shareholders & Investors Correspondence:**

Shareholders should address their correspondence to the Company and/ or its Registrar and Share Transfer Agent at the following address:

**1. Link Intime India Private Limited****Unit: Jyothy Laboratories Limited**

C-13 Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup (West),

Mumbai – 400078,

Phone: 0091 (0)22 25946970, Fax: 0091 (0)22 25946969

E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Contact Person: Mr. Derek D'Silva

**2. The Company Secretary****Jyothy Laboratories Limited**

'Ujala House', Ramkrishna Mandir Road,

Kondivita, Andheri (East),

Mumbai – 400 059

Phone: 0091 (0)22 66892800, Fax: 0091 (0)22 66892805

E-mail: [secretarial@jyothy.com](mailto:secretarial@jyothy.com)

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

(DIN: 00553406)

Mumbai, May 23, 2016.

**DECLARATION BY THE CHIEF EXECUTIVE OFFICER UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING COMPLIANCE WITH CODE OF CONDUCT**

In accordance with Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended March 31, 2016.

**For Jyothy Laboratories Limited**

**S. Raghunandan**  
**Chief Executive Officer & Whole Time Director**  
**(DIN: 02263845)**

Mumbai, May 23, 2016

**CERTIFICATION BY MANAGING DIRECTOR, CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) PURSUANT TO REGULATION 17(8) READ WITH PART B OF SCHEDULE II OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

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

1. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2016 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee that there are no-
  - a) significant changes in internal control over financial reporting during the year;
  - b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Jyothy Laboratories Limited**

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

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

**S. Raghunandan**  
**Whole Time Director and CEO**  
**(DIN: 02263845)**

Mumbai, May 23, 2016



## AUDITORS' CERTIFICATE

To

**The Members of Jyothy Laboratories Limited**

We have examined the compliance of conditions of Corporate Governance by Jyothy Laboratories Limited ("the Company"), for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement ("Listing Agreement") of the Company with the stock exchanges for the period April 1, 2015 to November 30, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations, for the period December 1, 2015 to March 31, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/ Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**Chartered Accountants**

**ICAI Firm Registration Number: 324982E/ E300003**

**per Vikram Mehta**

**Partner**

**Membership Number: 105938**

Place of Signature: Mumbai

Date: May 23, 2016

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Jyothy Laboratories Limited

### REPORT ON THE FINANCIAL STATEMENTS

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

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2016 , and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 , from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- For S R B C & CO LLP**  
**Chartered Accountants**  
**ICAI Firm Registration Number: 324982E/ E300003**
- per Vikram Mehta**  
**Partner**  
**Membership Number: 105938**
- Place of Signature: Mumbai  
Date: May 23, 2016

# ANNEXURE 1 TO INDEPENDENT AUDITOR'S REPORT

## on even date on the Standalone Financials Statements of Jyothy Laboratories Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regards to size of the Company and nature of its assets. No material discrepancies were identified on such verification.
- (c) According to information and explanations given by the management the title deeds of immovable properties included in Note 12 to the financial statements are held in the name of the Company, except as noted below:-
- In respect of two immovable properties (freehold land) aggregating to ₹ 2.21 lacs as at March 31, 2016, the title deeds were not available with the Company and hence we are unable to comment on the same.
  - In respect of the following, the immovable properties are not held in the name of the Company. The same is held in the name of the erstwhile entities which have been merged with the Company.
- | Total Number of Cases | Nature                     | Gross block (₹ in lacs) | Net Block (₹ in lacs) |
|-----------------------|----------------------------|-------------------------|-----------------------|
| 2                     | Freehold land and building | 4,974                   | 4,497                 |
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted loan to one Company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the loan are not prejudicial to the Company's interest.
- (b) The Company has granted loans that are re-payable on demand, to a Company covered in the register maintained under section 189 of the Companies Act, 2013. We are informed that the Company has not demanded repayment of any such loan and interest during the year, and thus, there has been no default on the part of the parties to whom the money has been lent.
- (c) There is no amount of loans granted to Companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a Company in which the Director is interested to which provisions of section 185 of the Companies Act 2013 apply and hence not commented upon.
- In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of products of the Company, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess that have not been deposited on account of any dispute, are as follows:

Matter	Year	Forum where dispute is pending (Amounts in Lacs)				Grand total
		Commissioner and Appellate	Tribunal	High Court	Supreme court	
Excise	1998-2000	10	-	-	-	10
	2006-2014	134	1	-	-	135
Service Tax	2005-2006	7	-	-	-	7
	2010-2012	91	-	-	-	91
Sales Tax	1999-2001	18	4	-	-	22
	2001-2009	54	-	-	-	54
	2001-2004	352	153	200	-	705
	2004-2005	18	293	-	-	311
	2005-2006	334	213	-	-	547
	2006-2007	537	181	52	-	770
	2006-2011	31	-	-	-	31
	2007-2008	204	23	8	-	235
	2008-2010	373	39	-	-	412
	2009-2010	108	128	108	-	344
	2010-2011	217	-	-	168	385
	2010-2012	17	-	-	-	17
	2010-2013	40	-	-	-	40
	2011-2012	60	-	-	-	60
	2011-2013	44	-	-	-	44
	2011-2014	-	-	-	-	-
	2012-2013	69	-	-	-	69
	2012-2014	4	-	-	-	4
	2013-2014	78	-	-	-	78
	2014-2015	17	-	-	-	17
Income Tax	AY 2008-2013	5,177	95	-	-	5,272
<b>Total</b>		<b>7,994</b>	<b>1,130</b>	<b>368</b>	<b>168</b>	<b>9,660</b>

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

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans. Hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

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

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

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

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

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

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

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

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

**Chartered Accountants**

**ICAI Firm Registration Number: 324982E/ E300003**

**per Vikram Mehta**

**Partner**

**Membership Number: 105938**

Place of Signature: Mumbai

Date: May 23, 2016



# ANNEXURE 2 TO INDEPENDENT AUDITOR'S REPORT

## of even date on the Standalone Financial Statements of Jyothy Laboratories Limited

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

We have audited the internal financial controls over financial reporting of Jyothy Laboratories Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITOR'S RESPONSIBILITY

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

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

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

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

### OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/ E300003

per Vikram Mehta

Partner

Membership Number: 105938

Place of Signature: Mumbai

Date: May 23, 2016

# BALANCE SHEET

as at March 31, 2016

₹ In Lacs

	Note	2016	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	1,811.20	1,810.23
Reserves and surplus	5	101,446.78	94,360.14
		<b>103,257.98</b>	<b>96,170.37</b>
<b>Non-current liabilities</b>			
Long-term borrowings	6	-	40,000.00
Deferred tax liabilities (Net)	7	2,453.11	-
Other Long-term liabilities	8	-	14,795.90
Provisions	9	1,632.60	1,269.79
		<b>4,085.71</b>	<b>56,065.69</b>
<b>Current liabilities</b>			
Trade payables	10		
Total outstanding dues of micro enterprises and small enterprises		4,682.31	3,728.17
Total outstanding dues of creditors other than micro enterprises and small enterprises		10,825.70	9,087.65
Other current liabilities	11	59,175.56	15,149.98
Provisions	9	5,099.19	11,441.15
		<b>79,782.76</b>	<b>39,406.95</b>
<b>TOTAL</b>		<b>187,126.45</b>	<b>191,643.01</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
(i) Tangible assets	12	24,079.53	25,143.90
(ii) Intangible assets	12	27,384.13	31,888.59
(iii) Capital work-in-progress		523.11	536.36
(iv) Intangible assets under development		240.00	-
Non-current investments	13	24,312.78	24,454.88
Loans and advances	14	70,123.51	60,135.27
Other assets	15	78.13	219.28
		<b>146,741.19</b>	<b>142,378.28</b>
<b>Current assets</b>			
Current investments	16	6,624.27	16,450.00
Inventories	17	17,906.04	18,101.82
Trade receivables	18	8,379.23	5,091.46
Cash and Bank balances	19	4,937.29	6,525.81
Loans and advances	14	2,149.18	2,804.73
Other assets	15	389.25	290.91
		<b>40,385.26</b>	<b>49,264.73</b>
<b>TOTAL</b>		<b>187,126.45</b>	<b>191,643.01</b>
Summary of significant accounting policies	3		

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

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No. 324982E/ E300003

per **Vikram Mehta**

Partner

Membership No.: 105938

Place: Mumbai

Date: May 23, 2016

For and on behalf of the Board of Directors of

**Jyothy Laboratories Limited**

**M.P. Ramachandran**

Chairman and Managing Director

DIN: 00553406

**M.L. Bansal**

Company Secretary

Membership No.: F2297

Place: Mumbai

Date: May 23, 2016

**K.Ullas Kamath**

Joint Managing Director and Chief Financial Officer

DIN: 00506681

**S.Raghunandan**

Whole Time Director and Chief Executive Officer

DIN: 02263845

# STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

₹ In Lacs

	Note	2015-16	2014-15
<b>REVENUE</b>			
Sales (net of trade discount)		163,287.88	148,113.63
Less: Excise duty		(5,936.94)	(5,286.81)
Net sales	29 (H)	157,350.94	142,826.82
Other operating income	20	186.07	955.13
<b>Revenue from operations</b>		<b>157,537.01</b>	<b>143,781.95</b>
Other income	21	952.02	670.16
<b>Total Revenue ( I )</b>		<b>158,489.03</b>	<b>144,452.11</b>
<b>EXPENSES</b>			
Cost of raw material and components consumed	22	48,640.52	45,635.68
Purchase of traded goods	29 (H)	30,712.40	31,789.97
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	23	115.87	(1,361.56)
Employee benefits expense	24	14,109.79	12,711.04
Employee stock option expenses	24	1,750.26	2,871.13
Share of (profit) / loss from investment in partnership firm		7.30	(27.17)
Other expenses	25	40,434.07	35,608.03
<b>Total Expense ( II )</b>		<b>135,770.21</b>	<b>127,227.12</b>
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTIZATION AND IMPAIRMENT (EBITDA) (I) – (II)</b>		<b>22,718.82</b>	<b>17,224.99</b>
Depreciation, amortisation and impairment	12	6,793.99	7,037.07
Finance Costs	26	485.56	1,202.98
Interest Income	27	4,701.81	5,915.82
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>20,141.08</b>	<b>14,900.76</b>
Exceptional item	43	-	209.18
<b>PROFIT BEFORE TAX</b>		<b>20,141.08</b>	<b>14,691.58</b>
Current tax (MAT)		4,312.00	3,075.00
Less MAT credit entitlement		(2,860.00)	(3,075.00)
- Net current tax		<b>1,452.00</b>	-
- Deferred tax charge/ (credit)		2,453.12	-
- Excess tax provision/ MAT credit reversal of earlier years		-	412.63
<b>PROFIT AFTER TAX</b>		<b>16,235.96</b>	<b>14,278.95</b>
<b>EARNINGS PER SHARE (EPS)</b>			
Basic (₹)	39	8.97	7.89
Diluted (₹)		8.84	7.83
Nominal value per share (₹)		1	1
Summary of significant accounting policies	3		

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

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No. 324982E/ E300003

per **Vikram Mehta**

Partner

Membership No.: 105938

For and on behalf of the Board of Directors of

**Jyothy Laboratories Limited**

**M.P. Ramachandran**

Chairman and Managing Director

DIN: 00553406

**M.L. Bansal**

Company Secretary

Membership No.: F2297

Place: Mumbai

Date: May 23, 2016

**K.Ullas Kamath**

Joint Managing Director and Chief Financial Officer

DIN: 00506681

**S.Raghunandan**

Whole Time Director and Chief Executive Officer

DIN: 02263845

Place: Mumbai

Date: May 23, 2016

# STATEMENT OF CASH FLOWS

for the year ended March 31, 2016

₹ In Lacs

	2015-16	2014-15
<b>A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:</b>		
Profit before Tax	20,141.08	14,691.58
<b>Adjustments to reconcile profit before tax to net cash flows :</b>		
Depreciation, amortisation and impairment	6,793.99	7,037.07
Loss on fixed assets discarded	80.57	91.42
Profit on sale of plant, property and equipment	(49.74)	(17.16)
Profit on sale of investment in subsidiary	-	(82.55)
Interest and finance charges	485.56	1,202.98
Interest Income	(4,701.81)	(5,915.82)
Share of (profit) / loss from investment in partnership firm	7.30	(27.17)
Liabilities no longer required written back (net)	-	(389.17)
Differential tariff towards power and fuel expenses of earlier years	-	(400.31)
Foreign exchange fluctuation gain (net)	863.74	(4.66)
Profit on sale of current investments	(829.33)	(476.98)
Provision for doubtful advances	70.00	-
Employee stock option expenses	1,750.26	2,871.13
<b>Operating profit before working capital changes</b>	<b>24,611.62</b>	<b>18,580.36</b>
Movements in working capital :		
Increase/ (decrease) in trade payables	2,692.19	2,421.13
Increase / (decrease) in provisions	396.36	872.11
Increase/ (decrease) in other liabilities	1,377.81	(761.95)
Decrease / (increase) in trade receivables	(4,151.51)	476.24
Decrease / (increase) in inventories	195.78	(1,982.62)
Decrease / (increase) in loans and advances	(972.56)	187.91
Decrease / (increase) in other current assets	46.95	66.14
<b>Cash generated from operations</b>	<b>24,196.64</b>	<b>19,859.33</b>
Taxes paid (net)	(5,131.69)	(4,102.12)
<b>Net cash generated from operating activities ( A )</b>	<b>19,064.95</b>	<b>15,757.21</b>
<b>B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:</b>		
Purchase of fixed assets including capital work-in-progress and capital advances	(2,459.40)	(631.11)
Proceeds from sale of fixed assets	195.32	145.98
Investment in fixed deposit (having original maturity of more than three months)	1,032.24	(1,369.90)
Investment in shares of subsidiaries	-	(15,000.00)
Profit on sale of current investments	829.33	476.98
Proceed from sale of investment in subsidiary	-	82.55
(Investment)/Refund in partnership firm	(12.50)	43.00
Proceeds of loan given to subsidiary company	434.88	15,835.13
Interest Income received	368.46	367.75
<b>Net cash used in investing activities ( B )</b>	<b>388.33</b>	<b>(49.62)</b>

# STATEMENT OF CASH FLOWS

for the year ended March 31, 2016

₹ In Lacs

	2015-16	2014-15
<b>C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:</b>		
Interest and finance charges paid	(862.73)	(1,202.98)
Allotment of equity shares under ESOP scheme	0.97	-
Repayment of Long Term Borrowings	(11,500.00)	-
Repayment of deferred payment liability	(180.00)	-
Dividend paid	(14,485.73)	(3,620.47)
Dividend tax paid	(2,948.95)	(615.30)
<b>Net cash (used in) /generated from financing activities ( C )</b>	<b>(29,976.44)</b>	<b>(5,438.74)</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(10,523.16)	10,268.84
Cash and cash equivalents at the beginning of the year	18,604.68	8,335.84
<b>Cash and cash equivalents at the end of the year</b>	<b>8,081.52</b>	<b>18,604.68</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash in hand	13.03	16.31
Balance with scheduled banks - Current account	1,304.94	2,085.03
Unclaimed dividend accounts *	139.28	53.34
<b>Cash and cash equivalents (Note 19)</b>	<b>1,457.25</b>	<b>2,154.68</b>
Mutual fund Investments (Note 16)	6,624.27	16,450.00
<b>Cash and cash equivalents considered for cash flows statement</b>	<b>8,081.52</b>	<b>18,604.68</b>
* Not available for use by the management for any other purpose		
Summary of significant accounting policies	Note 3	

As per our report of even date

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

per **Vikram Mehta**  
Partner  
Membership No.: 105938

Place: Mumbai  
Date: May 23, 2016

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

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

**M.L. Bansal**  
Company Secretary  
Membership No.: F2297

Place: Mumbai  
Date: May 23, 2016

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

**S.Raghunandan**  
Whole Time Director and Chief Executive Officer  
DIN: 02263845

# NOTES

## to the financial statements for the year ended March 31, 2016

### NOTE 1 - BACKGROUND

Jyothy Laboratories Limited ('the Company') is a public company domiciled in India. Its shares are listed on two stock exchanges in India. The Company is principally engaged in manufacturing and marketing of fabric whiteners, soaps, detergents, mosquito repellents, scrubber, bodycare and incense sticks.

### NOTE 2 - BASIS OF PREPARATION

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

### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are as follows:

#### a) Use of estimates

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

#### b) Tangible fixed assets

Fixed assets are initially recorded at cost. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. The cost of the tangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, tangible assets are carried at cost less accumulated depreciation and impairment losses, if any.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

#### c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of the intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation.

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

Gains or 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 recognized in the statement of profit and loss when the asset is derecognized.

#### d) Depreciation and amortisation

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

The estimated useful life of the assets is as follows:

Category	Estimated useful life (in years)
Factory Buildings	10-30
Building (Other than Factory Building)	30-60
Building (Fences and temporary structure)	3-6
Plant and machinery	13-15
Furniture and fixtures	5-10
Dies and moulds	3
Computers	3-6
Office equipments	5
Vehicles	6-10
Know-how	3-5
Trademarks and Copyrights	9-10
Brands	10
Softwares and Licences	10

Goodwill purchased is not amortized but tested for impairment every year. The goodwill arising on amalgamation is amortized to the statement of profit and loss over 10 years.



# NOTES

## to the financial statements for the year ended March 31, 2016

Assets costing less than ₹ 5,000 are depreciated at the rate of 100 %. Leasehold land is amortized over the period of the lease on a straight-line basis which ranges between 60-90 years.

The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets (which were taken over during the merger of erstwhile Jyothy Consumer Products Limited), which are lower than those indicated in Schedule II.

Category	Estimated useful life (in years)
Factory Buildings	10
Building (Other than Factory Building)	30
Plant and machinery	13
Furniture and fixtures	5
Vehicles	6

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

### e) Impairment

- 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 into account, if available. If no such transaction can be identified, an appropriate valuation model is used.
- After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- A previously recognized 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 recognized. 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 recognized for the asset in prior years.

### f) Borrowing Costs

Borrowing costs consist of interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the respective asset. All other borrowing costs are expensed in the period they occur.

### g) Operating Leases

#### i. Where the Company is a lessee;

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

#### ii. Where the Company is a lessor;

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

### h) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to revenue item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value in arriving at the carrying amount of the related asset. Government grant in the nature of promoters' contribution is credited to the investment subsidy reserve.

# NOTES

## to the financial statements for the year ended March 31, 2016

### i) Investment

Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties and other costs that arise on acquisition of investment.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

An investment in land or building, which is not intended to be occupied substantially for use by, or in the operations of the Company is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and impairment losses, if any.

### j) Inventories

Inventories of raw materials, packing materials, work-in-progress, finished goods, stores and consumables items are valued at cost or net realizable value, whichever is lower. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost is ascertained on First-in-First out ('FIFO') basis and includes all applicable costs incurred in bringing goods to their present location and condition. Cost of work in progress, manufactured packing material and finished goods includes materials and all applicable manufacturing overheads. The Company accrues for excise duty liability in respect of manufactured finished goods/intermediary inventories lying in the factory.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a FIFO basis.

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

### k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can

be reliably measured. The following specific criteria must also be met before revenue is recognised;

#### Sale of Goods

Revenue is recognised when all the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Excise Duty, Sales Tax and VAT deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Revenue includes the amount of excise duty refund received / due in accordance with incentive scheme. Revenue is net of trade discount given.

#### Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and at the applicable interest rate.

### l) Foreign currency translation

#### i. Initial Recognition

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

#### ii. Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

#### iii. Exchange Differences

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

### m) Retirement and other employee benefits

- i. Retirement benefit in the form of provident fund and super annuation fund is a defined contribution scheme.

# NOTES

## to the financial statements for the year ended March 31, 2016

The company has no obligation, other than the contribution payable to the respective fund. The company recognizes contribution payable to the provident fund/ super annuation scheme as an expenditure, when an employee renders the related service.

- ii. Gratuity benefit is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
- iv. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional legal and contractual right to defer its settlement for 12 months after the reporting date.
- v. Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred.

### n) Sales promotion items

Sales promotion items are valued at cost. Cost is ascertained on First-in-First out ('FIFO') basis and includes all applicable costs incurred in bringing goods to their present location and condition.

### o) Income-tax

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

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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

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

Minimum alternative tax (MAT) paid in a year is charged to the statement of profit and loss as current tax.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the Guidance Note on Accounting for credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the MAT credit entitlement at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

### p) Provisions

A provision is recognised when the company has a present obligation as a result of past event; it is probable that an outflow

# NOTES

## to the financial statements for the year ended March 31, 2016

of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

### q) Excise duty

Excise duty on turnover is reduced from turnover. Excise duty relating to the difference between the opening stock and closing stock is recognized as income/ expense as the case may be, separately in the statement of profit and loss.

### r) Segment Reporting

#### Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

#### Segment accounting policies :

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

#### Intersegment transfer :

The Company generally accounts for inter segment sales and transfers as if the sales or transfer were to third parties at market price.

#### Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

#### Unallocated items:

It includes general corporate income and expense items which are not allocated to any business segment.

### s) 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. The weighted average number of equity shares outstanding during the year are adjusted for event of bonus issue, bonus element in a

rights issue to existing shareholders, share split, and reverse share split that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

### t) 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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### u) Cash and Cash equivalents

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

### v) Measurement of EBITDA

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

### w) Employee stock compensation cost

Employees in senior management of the company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

# NOTES

## to the financial statements for the year ended March 31, 2016

₹ In Lacs

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 4</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
2,570,000,000 (2015 - 2,570,000,000 ) equity shares of ₹ 1 (2015 - ₹ 1) each	25,700.00	25,700.00
	<b>25,700.00</b>	<b>25,700.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
181,119,680 (2015 - 181,023,496) equity shares of ₹ 1 (2015 - ₹ 1) each fully paid	1,811.20	1,810.23
	<b>1,811.20</b>	<b>1,810.23</b>

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

	As at March 31, 2016		As at March 31, 2015	
	No.	Amount	No.	Amount
At the beginning of the period	181,023,496	1,810.23	181,023,496	1,810.23
Issued during the year (ESOP)	96,184	0.97	-	-
Outstanding at the end of the period	<b>181,119,680</b>	<b>1,811.20</b>	<b>181,023,496</b>	<b>1,810.23</b>

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

	As at March 31, 2016		As at March 31, 2015	
	No.	% Holding in the class	No.	% Holding in the class
Equity shares of ₹ 1 each fully paid				
M. P. Ramachandran	72,112,060	39.81%	72,112,060	39.84%
Sahyadri Agencies Limited	15,000,000	8.28%	15,000,000	8.29%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

### c. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of 1 ₹ per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 5 (2015 - ₹ 4) including interim dividend of ₹ 4 per equity share paid during the year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### d. Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	As at March 31, 2016	As at March 31, 2015
	No.	No.
Equity shares allotted as fully paid bonus shares by capitalization of securities premium (FY 2013 - 2014)	2,379,748	2,379,748
Equity shares issued for consideration other than cash, pursuant to scheme of amalgamation with erstwhile Jyothy Consumer Products Limited (JCPL) (FY 2013 - 2014)	2,379,748	2,379,748
	<b>4,759,496</b>	<b>4,759,496</b>

In addition the company has issued 96,184 share (2015 Nil) during the period of five years immediately preceding the reporting date on exercise of option granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

### e. Share reserve for issue under option

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 36

# NOTES

## to the financial statements for the year ended March 31, 2016

₹ In Lacs

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 5</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Surplus in the statement of profit and loss :</b>		
Balance, beginning of the year	2,109.17	2,228.39
Profit for the year	16,235.96	14,278.95
	<b>18,345.13</b>	<b>16,507.34</b>
Less: Appropriations		
Proposed dividend (amount per share ₹ 1 (2015 - ₹ 4))	(1,811.20)	(7,240.94)
Tax on proposed dividend	(368.72)	(1,474.08)
Interim dividend (amount per share ₹ 4 (2015 - ₹ Nil))	(7,244.79)	-
Tax on Interim dividend	(1,474.87)	-
Depreciation as per Schedule II of Companies Act, 2013*	-	(310.64)
Transfer to Debenture Redemption Reserve	(4,560.01)	(5,372.51)
<b>Net surplus in the statement of profit and loss</b>	<b>2,885.54</b>	<b>2,109.17</b>
<b>Capital Reserve</b>	<b>5,505.27</b>	<b>5,505.27</b>
<b>Securities premium</b>		
Balance, beginning of the year	39,191.21	39,191.21
Add: Addition on ESOP's exercised	180.54	-
<b>Balance, end of the year</b>	<b>39,371.75</b>	<b>39,191.21</b>
<b>Debenture Redemption Reserve</b>		
Balance, beginning of the year	11,995.02	6,622.51
Add: Amount transferred from surplus in the statement of profit and loss	4,560.01	5,372.51
Less: Amount transferred to general reserves	(2,875.00)	-
<b>Balance, end of the year</b>	<b>13,680.03</b>	<b>11,995.02</b>
<b>Investment subsidy</b>	<b>106.90</b>	<b>106.90</b>
<b>General reserves</b>		
Balance, beginning of the year	32,581.44	32,581.44
Add: Amount transferred from debenture redemption reserves	2,875.00	-
<b>Balance, end of the year</b>	<b>35,456.44</b>	<b>32,581.44</b>
<b>Employee stock option outstanding</b>		
Balance, beginning of the year	2,871.13	-
Add: Compensation on stock option granted during the year	2,397.87	2,871.13
Less: Compensation on stock option cancelled during the year	(647.61)	-
Less: Transfer to securities premium on exercise of stock options	(180.54)	-
	<b>4,440.85</b>	<b>2,871.13</b>
	<b>101,446.78</b>	<b>94,360.14</b>

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



# NOTES

## to the financial statements for the year ended March 31, 2016

₹ In Lacs

	NON CURRENT		CURRENT	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 6</b>				
<b>LONG-TERM BORROWINGS</b>				
Secured Redeemable Zero Coupon Non Convertible Debentures				
4,000 (2015 - 4,000) Debentures of ₹ 10,00,000 (2015 - ₹ 10,00,000) each	-	40,000.00	40,000.00	-
9.65% Secured Redeemable Non Convertible Debentures				
Nil (2015 - 650) Debentures of ₹ Nil (2015 - ₹ 10,00,000) each	-	-	-	6,500.00
10.25% Secured Redeemable Non Convertible Debentures				
Nil (2015 - 500) Debentures of ₹ Nil (2015 - ₹ 10,00,000) each	-	-	-	5,000.00
Deferred Payment Liability (Unsecured)	-	-	180.00	360.00
Amount disclosed under 'Other Current Liabilities' (Note 11)	-	-	(40,180.00)	(11,860.00)
	-	<b>40,000.00</b>	-	-

### Details of loan :

- Debentures are secured by first charge on all fixed assets and select Brands (Maxo and Exo).
- 4,000 Zero coupon non convertible redeemable debentures of ₹ 10,00,000 each is redeemable at premium of ₹ 368,022 per debenture after 3 years from the date of allotment i.e. November 14, 2013.
- Deferred payment liabilities is repayable over a period of three years in equal installments.

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 7</b>		
<b>DEFERRED TAX LIABILITY (Net)</b>		
<b>a) Deferred tax liability</b>		
Depreciation	4,047.52	4,209.68
<b>Gross Deferred tax liability (A)</b>	<b>4,047.52</b>	<b>4,209.68</b>
<b>b) Deferred tax assets</b>		
Technical royalty	1.19	1.58
Provision for gratuity	565.01	439.45
Provision for doubtful debts	113.44	113.44
Provision for doubtful advances	523.76	503.03
Provision for leave encashment	255.65	242.47
Provision for impairment losses	59.05	60.27
Other disallowances	76.31	32.87
Carry forward losses and unabsorbed depreciation	-	2,816.57
<b>Gross Deferred tax assets (B)</b>	<b>1,594.41</b>	<b>4,209.68</b>
<b>Net Deferred Tax Liabilities (A-B)</b>	<b>2,453.11</b>	-

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 8</b>		
<b>OTHER LONG-TERM LIABILITIES</b>		
Premium payable on redemption of Debentures	14,720.09	14,720.09
Creditors for capital goods	-	75.81
Amount disclosed under 'Other Current Liabilities' (Note 11)	(14,720.09)	-
	-	<b>14,795.90</b>

# NOTES

## to the financial statements for the year ended March 31, 2016

₹ In Lacs

	NON CURRENT		CURRENT	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 9</b>				
<b>PROVISIONS</b>				
<b>Provision for employee benefits</b>				
Provision for leave encashment	-	-	738.70	700.60
Provision for gratuity (Note 28 )	1,632.60	1,269.79	-	-
	<b>1,632.60</b>	<b>1,269.79</b>	<b>738.70</b>	<b>700.60</b>
<b>Other provisions</b>				
Provision for wealth tax	-	-	4.17	8.73
Provision for income tax (net of advance tax of ₹ 3,777.52 ( 2015 - ₹ 2,700.12))	-	-	534.48	374.88
Provision for litigation*	-	-	1,641.92	1,641.92
Proposed dividend	-	-	1,811.20	7,240.94
Tax on proposed dividend	-	-	368.72	1,474.08
	-	-	<b>4,360.49</b>	<b>10,740.55</b>
	<b>1,632.60</b>	<b>1,269.79</b>	<b>5,099.19</b>	<b>11,441.15</b>

\*Provision for litigation relates to certain indirect tax cases pending at various levels.

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 10</b>		
<b>TRADE PAYABLES</b>		
Total outstanding dues of micro enterprises and small enterprises (refer note 35 for details of dues to micro and small enterprises)	4,682.31	3,728.17
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Other trade payables	5,302.23	4,016.85
Accrual for expenses	5,523.47	5,070.80
	<b>15,508.01</b>	<b>12,815.82</b>

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 11</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Statutory dues	1,804.64	1,519.03
Unclaimed dividend *	139.28	53.34
Interest accrued but not due on loans	-	377.16
Security deposits	29.68	32.08
Advances from customers	580.03	201.86
Advances towards fixed assets / investment property held for sale	20.00	95.83
Creditors for capital goods	75.81	90.97
Current maturities of long term borrowings (Note 6)	40,180.00	11,860.00
Current maturities of Premium payable on redemption of Debentures (Note 8)	14,720.09	-
Accrual for sales promotion schemes	1,626.03	919.71
	<b>59,175.56</b>	<b>15,149.98</b>

\* There are no amounts payable / due to be credited to Investor Education and Protection Fund.

# NOTES

## to the financial statements for the year ended March 31, 2016

₹ In Lacs

### NOTE 12

#### TANGIBLE ASSETS

Particulars	Gross Block			Depreciation and Amortisation				Impairment			Net Block	
	As at April 1, 2015	Addition	Deletions	As at March 31, 2016	For the year adjusted to reserve as per Schedule II of the Companies Act 2013*	Charge for the year	Deletions for the year	As at March 31, 2016	As at April 1, 2015	Charge/ Reversal for the year	As at March 31, 2016	As at March 31, 2015
Freehold land @	5,648.67	-	-	5,648.67	-	-	-	-	-	-	5,648.67	5,648.67
	5,615.34	33.33	-	5,648.67	-	-	-	-	-	-	-	-
Leasehold land	274.83	-	-	274.83	37.59	-	3.75	41.34	-	-	233.49	237.24
	274.83	-	-	274.83	33.84	-	3.75	37.59	-	-	-	-
Building # @	13,656.68	196.07	60.51	13,792.24	3,325.26	-	471.79	3,776.80	-	-	10,015.44	10,331.42
	13,474.77	196.69	14.78	13,656.68	2,857.99	-	472.69	3,325.26	-	-	-	-
Plant and machinery	13,960.18	1,028.28	690.69	14,297.77	6,070.63	-	1,398.37	6,954.01	84.24	-	7,263.05	7,805.31
	14,126.57	701.99	868.38	13,960.18	4,867.91	89.22	1,486.12	6,070.63	392.92	-	84.24	-
Dies and moulds	671.69	47.95	61.99	657.65	503.70	-	92.09	536.00	-	-	121.65	167.99
	666.87	175.86	171.04	671.69	546.91	4.59	121.00	503.70	-	-	-	-
Furniture and fixture	735.36	37.03	33.27	739.12	427.05	-	77.93	473.21	1.07	-	264.84	307.24
	781.28	15.33	61.25	735.36	349.00	24.10	114.12	427.05	1.07	-	1.07	-
Office equipments	993.06	83.59	108.00	968.65	741.46	-	108.48	742.41	12.76	-	213.48	238.84
	901.00	152.63	60.57	993.06	491.99	185.58	121.77	741.46	14.09	-	12.76	-
Vehicle	817.20	16.42	48.76	784.86	409.10	-	95.15	465.04	0.91	-	318.91	407.19
	679.24	232.76	94.80	817.20	370.02	7.15	107.61	409.10	0.91	-	0.91	-
<b>Total tangible assets</b>	<b>36,757.67</b>	<b>1,409.34</b>	<b>1,003.22</b>	<b>37,163.79</b>	<b>11,514.79</b>	<b>-</b>	<b>2,247.56</b>	<b>12,988.81</b>	<b>98.98</b>	<b>-</b>	<b>24,079.53</b>	<b>25,143.90</b>
	36,519.90	1,508.59	1,270.82	36,757.67	9,517.66	310.64	2,427.06	11,514.79	408.99	-	98.98	-

# Includes ₹ 452.19 (2015 - ₹ 452.19) represented by unquoted fully paid shares at cost in various co-operative societies. Further, also refer Note 32.

\* Effective April 1, 2014, the Company had revised the useful life of certain fixed assets based on Schedule II to the Companies Act, 2013 for the purposes of providing depreciation on fixed assets. Accordingly, the carrying amount of the assets as on April 1, 2014 was depreciated over the remaining revised useful life of the fixed assets. Further, an amount of ₹ Nil (2015 - ₹ 310.64) (Net of tax ₹ Nil) representing the carrying amount of the assets with revised useful life as Nil was charged to the opening reserves as on April 1, 2014.

@ Freehold land and building includes asset which are not transferred in the name of the company amounting to ₹ 4,974 (Gross block) (2015 - ₹ 4,974). These are held in the name of the entities which have been merged with the company in earlier years.

Figures in italics are in respect of the previous year.

# NOTES

## to the financial statements for the year ended March 31, 2016

₹ In Lacs

### NOTE 12 INTANGIBLE ASSETS

Particulars	Gross Block			Depreciation and Amortisation			Impairment		Net Block		
	As at April 1, 2015	Addition	Deletions	As at April 1, 2015	Charge for the year	Deletions for the year	As at March 31, 2016	As at April 1, 2015	Charge/ Reversal for the year	Deletion for the year	As at March 31, 2016
Goodwill on Amalgamation	14,339.41	-	-	4,301.82	1,433.94	-	5,735.76	-	-	-	8,603.65
	<i>14,339.41</i>	-	-	<i>2,867.88</i>	<i>1,433.94</i>	-	<i>4,301.82</i>	-	-	-	-
Goodwill	301.60	-	-	-	-	-	-	51.50	-	-	250.10
	<i>301.60</i>	-	-	-	-	-	-	<i>51.50</i>	-	-	<i>51.50</i>
Brands	30,366.00	-	-	9,109.80	3,036.60	-	12,146.40	-	-	-	18,219.60
	<i>30,366.00</i>	-	-	<i>6,073.20</i>	<i>3,036.60</i>	-	<i>9,109.80</i>	-	-	-	-
Trademarks and Copyrights\$	580.81	-	-	471.65	41.14	-	512.79	23.68	-	-	44.34
	<i>580.81</i>	-	-	<i>430.23</i>	<i>41.42</i>	-	<i>471.65</i>	<i>23.68</i>	-	-	<i>23.68</i>
Know-how	647.12	-	-	647.12	-	-	647.12	-	-	-	-
	<i>647.12</i>	-	-	<i>575.45</i>	<i>71.67</i>	-	<i>647.12</i>	-	-	-	-
Softwares and Licences	325.77	41.97	-	66.55	34.75	-	101.30	-	-	-	266.44
	<i>228.20</i>	<i>97.57</i>	-	<i>40.17</i>	<i>26.38</i>	-	<i>66.55</i>	-	-	-	-
<b>Total intangible assets</b>	<b>46,560.71</b>	<b>41.97</b>	-	<b>14,596.94</b>	<b>4,546.43</b>	-	<b>19,143.37</b>	<b>75.18</b>	-	-	<b>27,384.13</b>
	<i>46,463.14</i>	<i>97.57</i>	-	<i>9,986.93</i>	<i>4,610.01</i>	-	<i>14,596.94</i>	<i>75.18</i>	-	-	<i>75.18</i>
											<b>31,888.59</b>

\$ Includes trademarks and copyrights of ₹ 315.63 (2015 - ₹ 315.63) pending for registration in the name of the Company.

Figures in italics are in respect of the previous year

# NOTES

## to the financial statements for the year ended March 31, 2016

₹ In Lacs

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 13</b>		
<b>NON CURRENT INVESTMENTS ( at cost)</b>		
Investment property ( Freehold land) #	-	147.30
<b>Trade Investments (Unquoted)</b>		
Investment in subsidiaries -		
Jyothy Consumer Products Marketing Ltd \$		
4,970,000 (2015 - 4,970,000) equity shares of ₹ 10 (2015 - ₹ 10) each fully paid up	497.00	497.00
Jyothy Fabricare Services Limited		
9,800,000 (2015 - 9,800,000) equity shares of ₹ 10 (2015 - ₹ 10) each fully paid up	1,343.73	1,343.73
3,300,000 (2015 - 3,300,000) compulsory convertible preference shares of ₹ 100 (2015 - ₹ 100) each fully paid up	6,804.24	6,804.24
7,500,000 (2015- Nil ) 2% optionally convertible preference share of ₹ 10 (2015 - ₹ Nil) each fully paid up	15,000.00	15,000.00
Jyothy Kallol Bangladesh Limited		
8,485,431 (2015 - 7,494,696) equity shares of BDT 10 (2015 - BDT 10) each fully paid up	580.47	501.65
Investment in others -		
Henkel SPIC Employees Co-operative Thrift and Credit Society Limited	2.00	2.00
2,000 (2015 - 2,000) equity shares of ₹ 100 (2015 - ₹ 100) each fully paid up		
Capexil (Agencies) Ltd*		
5 (2015 - 5) equity shares of ₹ 10,000 (2015 - ₹ 10,000) each fully paid up	-	-
Madras Industrial Cooperative Analytical Laboratory Limited*		
2 (2015 - 2) equity shares of ₹ 500 (2015 - ₹ 500) each fully paid up	-	-
Ambattur Industrial Estate Manufacturers Service Industrial Cooperative Society Ltd*		
1 (2015 - 1) equity shares of ₹ 100 (2015 - ₹ 100) each fully paid up	-	-
	<b>24,227.44</b>	<b>24,148.62</b>
Investments in Partnership Firm		
M/s JFSL - JLL (Note 38)	84.75	79.55
<b>Non-Trade Investment (Unquoted)</b>		
Investment in Government Securities		
Indira Vikas Patra	0.02	0.02
National Saving Certificates (Pledged with Government authorities)	0.57	0.57
	<b>0.59</b>	<b>0.59</b>
Share application money pending allotment	-	78.82
	<b>24,312.78</b>	<b>24,454.88</b>
Aggregate amount of unquoted investments	24,312.78	24,454.88
Aggregate amount of quoted investments	-	-
Market Value of quoted investments	-	-

# Since this is a freehold land, no depreciation is charged on the same.

\* Investment has been fair valued on amalgamation with Jyothy Consumer Products Limited at a nominal value of ₹ 1/-

\$ Previous Year includes investment in Associated Industries Consumer Products Private Limited which has been merged with Jyothy Consumer Products Marketing Limited w.e.f. April 1, 2014.

# NOTES

## to the financial statements for the year ended March 31, 2016

₹ In Lacs

	NON CURRENT		CURRENT	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 14</b>				
<b>LOANS AND ADVANCES</b>				
<b>Unsecured, considered good unless otherwise stated</b>				
Capital Advances	772.68	82.31	-	-
Advances and loans to subsidiaries (Note 37)	47,250.31	43,349.83	-	-
Advance to suppliers *	58.45	58.45	1,535.75	1,454.92
Balance with excise and VAT authorities *	-	-	1,326.88	1,919.20
MAT Credit entitlement	9,194.39	6,334.39	-	-
Deposits*	1,648.01	574.35	-	-
Balance with government authorities* (Note 40)	7,712.14	7,112.30	-	-
Prepaid Expenses	-	-	140.94	172.66
Advance income tax (net of provisions of ₹ 9,952.90 (2015 - ₹ 6,877.90))	2,895.52	1,916.24	-	-
Other receivables *	838.50	964.00	412.52	454.86
Less: Provisions for doubtful advances	(246.49)	(256.60)	(1,266.91)	(1,196.91)
	<b>70,123.51</b>	<b>60,135.27</b>	<b>2,149.18</b>	<b>2,804.73</b>

Note:

\* Advances to suppliers, Balance with excise and VAT authorities, Balance with government authorities, Deposits and Other receivables include ₹ 422.79 (2015 - ₹ 352.79), ₹ 881.50 (2015 - ₹ 881.50), ₹ 167.00 (2015 - ₹ 167.00), ₹ 21.04 (2015 - ₹ 31.15) and ₹ 21.07 (2015 - ₹ 21.07) respectively, considered doubtful and fully provided for.

	NON CURRENT		CURRENT	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 15</b>				
<b>OTHER ASSETS</b>				
<b>Unsecured, considered good</b>				
Inventory-Sales Promotions Items	-	-	241.95	288.90
Interest accrued but not due	-	-	-	2.01
Investment property (Freehold land) held for sale	-	-	147.30	-
Fixed deposit with Banks having original maturity of more than 12 months ( Note 19)	78.13	219.28	-	-
	<b>78.13</b>	<b>219.28</b>	<b>389.25</b>	<b>290.91</b>



# NOTES

## to the financial statements for the year ended March 31, 2016

₹ In Lacs

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 16</b>		
<b>CURRENT INVESTMENT (Quoted -Cost or Fair value whichever is lower)</b>		
Axis Banking Debt Fund - Growth		
Nil (2015 - 133,859.97) units of ₹ Nil (2015 - ₹ 1,000) each	-	1,700.00
Axis Liquid Fund - Growth		
190,885.67 (2015 - Nil) units of ₹ 1,000 (2015 - ₹ Nil) each	3,200.00	-
Axis Short Term Fund		
Nil (2015 - 3,298,544.68) units of ₹ Nil (2015 - ₹ 10) each	-	500.00
Axis Treasury Advantage Fund - Growth		
Nil (2015 - 265,018.71) units of ₹ Nil (2015 - ₹ 1,000) each	-	4,050.00
HDFC Gilt Fund Long Term Plan -Direct Plan - Growth		
Nil (2015 - 5,672,438.54) units of ₹ Nil (2015 - ₹ 10) each	-	1,600.00
HDFC High Interest Fund - Dynamic Plan		
Nil (2015 - 815,281.64) units of ₹ Nil (2015 - ₹ 10) each	-	400.00
ICICI Prudential Stp - Growth		
Nil (2015 - 1,785,912.01) units of ₹ Nil (2015 - ₹ 10) each	-	500.00
ICICI Prudential Ultra Short Term Plan - Dir - Gr		
Nil (2015 - 11,475,961.45) units of ₹ Nil (2015 - ₹ 10) each	-	1,600.00
Indiabulls Ultra Short Term Fund		
77,179.60 (2015 - 115,556.48) units of ₹ 1,000 (2015 - ₹ 1,000) each	1,100.00	1,550.00
Reliance Short Term Fund		
Nil (2015 - 5,143,139.64) units of ₹ Nil (2015 - ₹ 10) each	-	1,350.00
Religare Invesco Short Term Fund		
Nil (2015 - 53,149.72) units of ₹ Nil (2015 - ₹ 1,000) each	-	1,000.00
Religare Invesco Ultra Short Term Fund - Direct Pl		
Nil (2015 - 51,584.63) units of ₹ Nil (2015 - ₹ 1,000) each	-	1,000.00
Taurus Short Term Income Fund		
Nil (2015 - 20,401.56) units of ₹ Nil (2015 - ₹ 1,000) each	-	500.00
Taurus Ultra Short Term Bond Fund Super Institution		
16,293.49 (2015 - 41,593.42) units of ₹ 1,000 (2015 - ₹ 1,000) each	300.00	700.00
Taurus Dynamic Income Fund - Growth Option		
68,32,489.20(2015 - Nil) units of ₹ 10 (2015 - ₹ Nil) each	1,001.49	-
Kotak Low Duration Fund		
58,351.96 (2015 - Nil) units of ₹ 1,000 (2015 - ₹ Nil) each	1,022.78	-
	<b>6,624.27</b>	<b>16,450.00</b>
Aggregate amount of quoted investments	6,624.27	16,450.00
Market Value of quoted investments	6,754.79	16,700.32

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 17</b>		
<b>INVENTORIES (Valued at lower of cost or net realisable value)</b>		
Raw and packing materials ( including goods in transit ₹ 2.19 ( 2015 - ₹ Nil ))	4,797.18	4,960.17
Work in progress (Note 29 (I))	1,546.07	1,369.07
Finished goods manufactured (Note 29 (H))	8,049.32	7,320.06
Traded Goods (including goods in transit ₹ 253.66 ( 2015 - ₹ 322.89)) (Note 29 (H))	3,112.64	4,106.74
Stores and spare parts	400.83	345.78
	<b>17,906.04</b>	<b>18,101.82</b>

# NOTES

## to the financial statements for the year ended March 31, 2016

₹ In Lacs

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 18</b>		
<b>TRADE RECEIVABLES</b>		
Unsecured		
a) Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	706.85	761.84
Considered doubtful	327.78	327.78
Less: Provision for doubtful receivables	(327.78)	(327.78)
	<b>706.85</b>	<b>761.84</b>
b) Other receivable, considered good	7,672.38	4,329.62
	<b>8,379.23</b>	<b>5,091.46</b>

Refer Note 31 for dues receivable from related parties

	NON CURRENT		CURRENT	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 19</b>				
<b>CASH AND BANK BALANCES</b>				
<b>Cash and cash equivalents</b>				
Cash in hand	-	-	13.03	16.31
Balance with banks - Current account	-	-	1,304.94	2,085.03
Unclaimed dividend accounts	-	-	139.28	53.34
	-	-	<b>1,457.25</b>	<b>2,154.68</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months*	78.13	219.28	3,480.04	4,371.13
Amount disclosed under 'other assets' (Note 15)	(78.13)	(219.28)	-	-
	-	-	<b>3,480.04</b>	<b>4,371.13</b>
	-	-	<b>4,937.29</b>	<b>6,525.81</b>

\* Includes deposits provided as securities against bank guarantees and debenture redemption reserves - ₹ 2,442.18 (2015 - ₹ 2,215.71)

	2015-16	2014-15
<b>NOTE 20</b>		
<b>OTHER OPERATING INCOME</b>		
Export incentives	22.10	25.92
Royalty income	2.68	4.35
Sales of scrap	35.04	13.30
Agricultural income	6.05	4.28
Liabilities no longer required written back (net)	-	389.17
Differential tariff towards power and fuel expenses of earlier years	-	400.31
Others	120.20	117.80
	<b>186.07</b>	<b>955.13</b>

# NOTES

## to the financial statements for the year ended March 31, 2016

₹ In Lacs

	2015-16	2014-15
<b>NOTE 21</b>		
<b>OTHER INCOME</b>		
Lease rent income	66.30	75.84
Foreign exchange fluctuation gain (net)	-	4.66
Profit on sale of current investments	829.33	476.98
Profit on sale of investment in subsidiary	-	82.55
Profit on sale of fixed assets	49.74	17.16
Miscellaneous income	6.65	12.97
	<b>952.02</b>	<b>670.16</b>

	2015-16	2014-15
<b>NOTE 22</b>		
<b>COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>		
Opening stock	4,960.17	4,196.23
Add: Cost of purchases	48,477.53	46,399.62
	<b>53,437.70</b>	<b>50,595.85</b>
Less: Closing stock	4,797.18	4,960.17
	<b>48,640.52</b>	<b>45,635.68</b>

For details of raw material consumed, refer Note 29 (F)

	2015-16	2014-15
<b>NOTE 23</b>		
<b>(INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND TRADED GOODS</b>		
<b>Closing stock</b>		
Finished goods	8,049.32	7,320.06
Traded Goods	3,112.64	4,106.74
Work in progress	1,546.07	1,369.07
	<b>12,708.03</b>	<b>12,795.87</b>
<b>Opening stock</b>		
Finished goods	7,320.06	6,098.90
Traded Goods	4,106.74	4,019.24
Work in progress	1,369.07	1,405.00
	<b>12,795.87</b>	<b>11,523.14</b>
<b>Sub-total (A)</b>	<b>87.84</b>	<b>(1,272.73)</b>
<b>(Increase)/ decrease in excise duty</b>		
Excise duty on closing stock	174.90	146.87
Excise duty on opening stock	146.87	235.70
<b>Sub-total (B)</b>	<b>(28.03)</b>	<b>88.83</b>
<b>Total (A-B)</b>	<b>115.87</b>	<b>(1,361.56)</b>

	2015-16	2014-15
<b>NOTE 24</b>		
<b>EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages and bonus	10,387.29	9,392.61
Contribution to provident and other funds (Note 28)	753.38	634.52
Gratuity (Note 28)	370.80	417.97
Staff welfare expenses	620.58	658.69
Directors' remuneration	807.20	801.94
Commission to directors	799.97	594.10
Field staff incentives	370.57	211.21
<b>Sub-total (A)</b>	<b>14,109.79</b>	<b>12,711.04</b>
Employee stock option expenses (Note 36)	1,750.26	2,871.13
<b>Sub-total (B)</b>	<b>1,750.26</b>	<b>2,871.13</b>
<b>Total (A+B)</b>	<b>15,860.05</b>	<b>15,582.17</b>

# NOTES

## to the financial statements for the year ended March 31, 2016

₹ In Lacs

	2015-16	2014-15
<b>NOTE 25</b>		
<b>OTHER EXPENSES</b>		
Power and fuel expenses	1,879.15	2,105.92
Rent	1,266.10	1,160.19
Insurance	101.19	67.19
Repairs and maintenance		
- Building	57.43	78.62
- Plant and machinery	177.69	232.74
- Others	256.02	210.30
Consumption of stores and spares	733.15	626.31
Research and development	150.35	52.50
Excise duty on captive consumption	706.21	613.91
Printing and stationery	82.87	57.85
Communication costs	296.02	255.12
Legal and professional fees (Note 29 (E))	1,147.80	1,069.30
Rates and taxes	571.93	477.05
Directors' sitting fees	5.15	3.50
Vehicle maintenance	156.47	159.04
Donation	6.61	15.36
Provision for doubtful advances	70.00	-
Loss on fixed assets discarded	80.57	91.42
Conversion charges	863.74	250.39
Advertisement and Sales promotion expense	18,985.63	17,071.71
Freight, handling and forwarding charges	9,397.51	8,486.81
Field staff expenses	1,411.41	1,225.71
Travelling and conveyance	315.73	292.03
Royalty	288.33	244.78
Corporate social responsibility expenses ( Note 29(J))	234.84	121.33
Miscellaneous expenses	1,192.17	638.95
	<b>40,434.07</b>	<b>35,608.03</b>
	<b>2015-16</b>	<b>2014-15</b>
<b>NOTE 26</b>		
<b>FINANCE COST</b>		
Interest on bank overdraft	9.21	9.32
Interest on debentures	448.10	1,139.75
Other borrowing cost	28.25	53.91
	<b>485.56</b>	<b>1,202.98</b>
	<b>2015-16</b>	<b>2014-15</b>
<b>NOTE 27</b>		
<b>INTEREST INCOME</b>		
Interest on fixed deposit	349.40	310.45
Interest on loans to subsidiaries	4,335.36	5,549.76
Interest on capital invested in partnership firm	11.15	8.68
Interest on intercorporate deposit	-	42.45
Interest others	5.90	4.48
	<b>4,701.81</b>	<b>5,915.82</b>

# NOTES

## to the financial statements for the year ended March 31, 2016

### NOTE 28 EMPLOYEE BENEFIT:

#### (i) Defined Benefit Plans -

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

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.

₹ in Lacs

	2015-16	2014-15
	Gratuity Funded	Gratuity Funded
<b>(A) Summary of the Actuarial Assumptions</b>		
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Discount rate	7.80%	7.80%
Rate of increase in compensation	8.00%	8.00%
Withdrawal rates	10.00%	10.00%
Rate of return (expected) on plan assets	8.50%	8.75%
The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.		
The overall expected rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.		
<b>(B) Changes in present value of obligations (PVO)</b>		
PVO at beginning of period	1,892.22	1,570.98
Interest cost	147.91	144.53
Current Service Cost	174.39	184.02
Benefits Paid	(307.42)	(113.67)
Actuarial (gain) / loss on obligation	76.50	106.36
PVO at end of period	<b>1,983.60</b>	<b>1,892.22</b>
<b>(C) Changes in fair value of plan assets</b>		
Fair value of plan assets at the beginning of period	622.43	618.55
Adjustment to opening fair value of plan assets	-	(18.78)
Expected return on plan assets	54.56	52.74
Contributions	7.99	119.39
Benefit paid	(307.42)	(113.67)
Actuarial gain / (loss) on plan assets	(26.56)	(35.80)
Fair value of plan assets at end of period	351.00	622.43
<b>(D) Net Assets/(Liabilities) recognised in the balance sheet</b>		
PVO at end of period	(1,983.60)	(1,892.22)
Fair value of plan assets at end of period	351.00	622.43
Funded status (deficit in plan assets over fair value of PVO)	(1,632.60)	(1,269.79)
Net assets / (Liability) recognised in the balance sheet	<b>(1,632.60)</b>	<b>(1,269.79)</b>
<b>(E) Expenses recognised in the statement of profit and loss</b>		
Current service cost	174.39	184.02
Interest cost	147.91	144.53
Expected return on plan assets	(54.56)	(52.74)
Net Actuarial (Gain)/Loss recognised for the period	103.06	142.16
Expense recognised in the statement of profit and loss	<b>370.80</b>	<b>417.97</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	100.00%	100.00%

# NOTES

## to the financial statements for the year ended March 31, 2016

### NOTE 28 EMPLOYEE BENEFIT: (contd.)

₹ in Lacs

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

	April to March 16	April to March 15	April to March 14	April to March 13	April to March 12
Defined benefit obligation	1,983.60	1,892.22	1,570.97	1,533.12	1,287.56
Plan assets	351.00	622.43	618.55	615.44	655.80
Surplus/ (Deficit)	1,632.60	1,269.79	952.42	917.68	631.76
Experience adjustment on plan liabilities	76.50	106.36	59.50	20.16	1.09
Experience adjustment on plan assets	(26.56)	(35.80)	2.44	1.28	0.74

(H) The Company expects to contribute ₹ 300.00 (2015- ₹ Nil) to gratuity fund and ₹ 35.53 (2015 - ₹ 34.63) to Superannuation fund in the next year.

#### (ii) Defined Contribution Plans -

Amount of ₹ 850.58 (2015 - ₹ 739.46 ) is recognised as an expense and included in Note 24 in the Statement of profit and loss.

### NOTE 29 - SUPPLEMENTARY INFORMATION

	2015-16	2014-15
<b>A) Earnings in foreign currency (accrual basis):</b>		
FOB value of exports	1,228.86	1,439.17
<b>B) Expenditure in foreign currency (accrual basis):</b>		
i) Royalty	254.55	223.52
ii) Travelling and Conveyance	-	9.50
iii) Professional Consulting Fees	5.68	5.19
iv) Others	11.17	21.76
<b>C) CIF value of imports</b>		
(i) Raw material and Packing Material	2,416.19	926.30
(ii) Capital goods	4.85	-

#### D) Unhedged foreign currency exposure:

Particulars	Foreign Currency	2015-16		2014-15	
		₹ in Lacs	Amount in Foreign Currency	₹ in Lacs	Amount in Foreign Currency
Trade Receivables	USD	178.24	268,709	100.39	160,385
Trade Payables	USD	132.42	199,636	57.60	92,020
Trade Payables	Euro	39.88	53,100	71.70	106,200

#### E) Payment to auditors (excluding service tax)

	2015-16	2014-15
<b>As Auditors</b>		
Audit fee	52.75	41.50
Tax audit fees	8.00	8.00
Limited review	26.00	24.75
<b>In other capacity</b>		
Transfer pricing fee	1.25	1.00
Certification fee	1.50	0.25
<b>Reimbursement of expenses</b>	4.84	4.07
	<b>94.34</b>	<b>79.57</b>



# NOTES

## to the financial statements for the year ended March 31, 2016

### NOTE 29 - SUPPLEMENTARY INFORMATION (contd.)

₹ in Lacs

#### F) Details of Raw and packing material consumed:

Particulars	Consumption Value	
	2015-16	2014-15
Synthetic Dye	630.20	722.58
Soap Noodles	51.35	34.91
Dyes & Chemicals	15,208.29	13,391.75
Fatty Oils, Powder & Perfumes	15,081.70	13,298.93
Plastic	2,423.66	2,874.47
Others	2,616.01	2,834.91
Packing materials	12,629.31	12,478.13
<b>Total</b>	<b>48,640.52</b>	<b>45,635.68</b>

#### G) Value of Imported and Indigenous Raw Materials, Packing Materials, Stores and Spare Parts Consumed

Particulars	Raw Materials / Packing Materials				Stores and Spare parts			
	2015-16		2014-15		2015-16		2014-15	
	Value	%	Value	%	Value	%	Value	%
Imported	1,167.85	2.40%	679.96	1.49%	0.52	0.07%	0.05	0.01%
Indigenous	47,472.67	97.60%	44,955.72	98.51%	732.63	99.93%	626.26	99.99%
<b>Total</b>	<b>48,640.52</b>		<b>45,635.68</b>		<b>733.15</b>		<b>626.31</b>	

#### H) Details of product sold, inventory and purchase of traded goods

Item	Type	Opening Inventory	Purchases	Sales	Closing Inventory
Home Care	Traded	1,310.44	12,421.53	15,801.56	1,253.85
			<i>9,853.98</i>	<i>12,538.66</i>	
	Manufactured	2,651.67	-	22,674.63	2,540.67
			-	<i>19,297.94</i>	
Soaps & Detergents	Traded	2,350.09	17,547.15	27,334.56	1,694.84
			<i>20,609.40</i>	<i>31,518.66</i>	
	Manufactured	4,668.38	-	89,965.63	5,445.56
			-	<i>77,673.00</i>	
Others	Traded	446.22	743.72	1,533.31	163.95
			<i>1,326.59</i>	<i>1,798.56</i>	
	Manufactured	-	-	41.25	63.09
			-	-	
<b>Total</b>		<b>11,426.80</b>	<b>30,712.40</b>	<b>157,350.94</b>	<b>11,161.96</b>
			<i>31,789.97</i>	<i>142,826.82</i>	

Figures in italics are in respect of the previous year

#### I) Value of closing stock of work in progress

Particulars	2016	2015
Home Care	324.87	359.87
Soaps & Detergents	1,218.65	1,009.20
Others	2.55	-
<b>Total</b>	<b>1,546.07</b>	<b>1,369.07</b>

#### J) Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII is as given below:

Particulars	2015-16	2014-15
Promoting preventing health care and sanitation	44.28	91.44
Contribution to Prime Ministers National Relief Fund	-	19.86
Promotion of Education	5.00	-
Rural/ slum area development	185.56	10.03
<b>Total</b>	<b>234.84</b>	<b>121.33</b>
Gross amount required to be spent during the year	195.30	166.92

# NOTES

## to the financial statements for the year ended March 31, 2016

### NOTE 30 - SEGMENT REPORTING

#### Information about Business Segments

##### Business segments:

The primary segment of the Company has been determined on the basis of business segment. The Company is organized into following business segments - Soaps and Detergents, Home Care and others. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organization structure and the internal reporting system.

Soaps and Detergents includes fabric whiteners, fabric detergents, dish wash bar and soaps including ayurvedic soaps. Home Care products include incense sticks, scrubber, dhoop and mosquito repellents. Others includes bodycare, tea and coffee.

##### Secondary segment:

The Company mainly caters to the needs of the domestic market. The export turnover is not significant in the context of total turnover. As such, there is only one reportable geographical segment.

##### Segment revenue and result:

The income/ expense that are not directly attributable to the business segments are shown as unallocated corporate costs.

##### Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets. Assets at corporate level are not allocable to segments on a reasonable basis and thus the same have not been allocated. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liability.

₹ in Lacs										
	Soaps and Detergents		Home care		Others		Eliminations		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Revenue</b>										
External Revenue	117,300.19	109,191.66	38,476.19	31,836.60	1,574.56	1,798.56	-	-	157,350.94	142,826.82
Inter Segment Revenue	35.39	-	144.44	517.69	-	-	(179.83)	(517.69)	-	-
<b>Net Revenue</b>	<b>117,335.58</b>	<b>109,191.66</b>	<b>38,620.63</b>	<b>32,354.29</b>	<b>1,574.56</b>	<b>1,798.56</b>	<b>(179.83)</b>	<b>(517.69)</b>	<b>157,350.94</b>	<b>142,826.82</b>
Segment Result	15,906.66	11,520.80	2,085.56	955.37	(15.30)	14.79	-	-	17,976.92	12,490.96
Unallocated expenditure									(2,945.27)	(2,937.74)
Unallocated Income									5,594.99	6,550.52
Interest and finance expenses									(485.56)	(1,202.98)
<b>Profit before exceptional items and tax</b>									<b>20,141.08</b>	<b>14,900.76</b>
Exceptional Item									-	(209.18)
<b>Profit before tax</b>									<b>20,141.08</b>	<b>14,691.58</b>
Tax expenses									3,905.12	412.63
<b>Profit after tax</b>									<b>16,235.96</b>	<b>14,278.95</b>
<b>Other Information</b>										
Segment assets	56,795.83	58,112.58	15,865.43	13,466.17	2,110.06	2,250.46	-	-	74,771.32	73,829.21
Unallocated assets									112,355.13	117,813.80
<b>Total assets</b>									<b>187,126.45</b>	<b>191,643.01</b>
Segment liabilities	13,942.12	12,313.11	7,362.30	4,912.56	170.22	95.50	-	-	21,474.64	17,321.17
Unallocated liabilities									62,393.82	78,151.47
<b>Total liabilities</b>									<b>83,868.46</b>	<b>95,472.64</b>

# NOTES

## to the financial statements for the year ended March 31, 2016

### NOTE 30 - SEGMENT REPORTING (contd.)

₹ in Lacs

	Soaps and Detergents		Home care		Others		Eliminations		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Segment capital expenditure (including capital work in progress)	913.81	1,016.85	291.36	425.78	166.97	-	-	-	1,372.14	1,442.63
Unallocated capital expenditure (including capital work in progress)									305.92	351.55
<b>Total capital expenditure (including capital work in progress)</b>									<b>1,678.06</b>	<b>1,794.18</b>
Segment depreciation and amortisation	4,413.04	4,505.71	363.13	459.55	246.35	244.70	-	-	5,022.52	5,209.96
Unallocated depreciation and amortisation									1,771.47	1,827.11
<b>Total depreciation and amortisation</b>									<b>6,793.99</b>	<b>7,037.07</b>
Segment non cash expenses other than depreciation	60.36	78.45	19.52	12.30	-	-	-	-	79.88	90.75
Unallocated non cash expenses other than depreciation									77.99	(26.50)
<b>Total non cash expenses other than depreciation</b>									<b>157.87</b>	<b>64.25</b>

#### Information about geographical segment :

	2015-16		2014-15	
	India	Outside India	India	Outside India
Revenue	153,926.73	3,424.21	139,510.13	3,316.69

All assets of the Company are located in India

### NOTE 31 - RELATED PARTY DISCLOSURES

#### a) Parties where control exists

##### Individual having control

M.P. Ramachandran

Chairman and Managing Director

As the Managing Director of the Company is an individual having control and hence not separately disclosed as a Key management personnel.

##### Wholly Owned Subsidiaries

Jyothy Consumer Products Marketing Limited

##### Other Subsidiaries

Jyothy Kallol Bangladesh Limited

Four Seasons Drycleaning Company Private Limited

Snoways Launderers & Drycleaners Private Limited

Jyothy Fabricare Services Limited

#### b) Related party relationships where transactions have taken place during the year

##### Partnership firm

M/S JFSL-JLL (JV)

##### Firm / HUF in which the relatives of individual having control are partners / members / proprietor

Quilon Trading Co.

M.P. Divakaran - H.U.F.

M.P. Sidharthan - H.U.F.

##### Relative of individual having control

M.P. Sidharthan

# NOTES

## to the financial statements for the year ended March 31, 2016

### NOTE 31 - RELATED PARTY DISCLOSURES (contd.)

M.R. Jyothy

M.R. Deepthi

Ananth Rao T

Ravi Razdan

M.P. Divakaran

**Enterprises significantly influenced by key management personnel or their relatives**

Sahyadri Agencies Ltd.

**Key management personnel**

K. Ullas Kamath

S.Raghunandan

**Additional related party as per Companies Act, 2013.**

M.L. Bansal

Joint Managing Director & CFO

Whole Time Director & CEO

Company Secretary

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

	₹ in Lacs	
	2015-16	2014-15
<b>Individual having control</b>		
Remuneration*	0.00	0.00
Commission	421.04	312.69
Dividend	5,768.96	1,442.24
<b>Associated Industries Consumer Products Pvt Ltd (merged with Jyothy Consumer Products Marketing Limited)</b>		
Sale of Finished goods (net of sales return), Raw material, Packing material and Stores & spares	-	41.07
Sale of Fixed assets	-	89.42
Royalty Income ( including service tax)	-	4.88
Rent Income	-	1.68
Purchase of Finished goods (Net of purchase return), raw and packing material	-	459.97
Purchase of Fixed assets	-	14.57
Conversion Charges and excise net of cenvat / (refund)	-	70.30
Interest Income	-	27.58
Reimbursement of Expenses	-	3.59
Sale of shares held in Jyothy Consumer Products Marketing Limited	-	82.55
<b>Sahyadri Agencies Limited</b>		
Dividend	1,200.00	300.00
Assignment of receivables	-	1,478.00
<b>Quilon Trading Company</b>		
Rent Paid	1.20	1.20
<b>Dividend (M.P. Divakaran - H.U.F. and M.P. Sidharthan - H.U.F.)</b>	257.92	64.48
<b>Jyothy Fabricare Services Limited</b>		
Repayment of loan given	-	13,500.00
Reimbursement of expenses	19.41	26.14
Interest Income	-	710.86
Sale of Finished goods (net of sales return )	12.54	6.78
Purchases of services	0.15	0.08
Subscription to 75,00,000 2% Optionally Convertible Preference Shares	-	15,000.00
Corporate Guarantees given for borrowings taken		
Balance outstanding as at year end is :	4,000.00	4,000.00
<b>Jyothy Consumer Products Marketing Ltd</b>		
Interest Income	4,335.36	4,811.32

# NOTES

## to the financial statements for the year ended March 31, 2016

### NOTE 31 - RELATED PARTY DISCLOSURES (contd.)

	₹ in Lacs	
	2015-16	2014-15
Rent Income	65.79	74.21
Purchase of Finished goods and Raw Material (Net of purchase return)	800.73	1,405.61
Purchases of Fixed Assets	0.69	-
Sale of Finished goods (net of sales return )	5,017.37	3,012.86
Royalty Income ( including service tax)	3.04	-
Conversion Charges	2.10	-
Sale of Fixed Assets	27.38	-
<b>M/S JFSL-JLL (JV)</b>		
Profit/(loss) in partnership	(7.32)	27.17
Interest on partner capital	11.15	8.68
Withdrawal of capital	12.50	43.00
Corporate Guarantees given for borrowings taken		
Balance outstanding as at year end is :	902.44	1,077.44
<b>Jyothy Kallol Bangladesh Limited</b>		
Sales of finished goods	65.35	145.09
Investment in share capital	78.82	-
<b>Relatives of individuals having control</b>		
<b>Remuneration*</b>		
M.R. Jyothy	102.48	96.32
M P Sidharthan	24.00	24.00
M R Deepthi	37.51	27.60
Ananth Rao T	45.03	34.74
Ravi Razdan	37.51	27.60
M.P. Divakaran	24.00	24.00
<b>Dividend</b>	2,327.52	581.97
<b>Contribution to Superannuation fund</b>		
M R Jyothy	-	0.90
M R Deepthi	-	2.40
Ravi Razdan	-	2.40
<b>Key management personnel</b>		
Remuneration*#	728.69	721.09
Commission	378.93	281.42
Dividend	131.75	32.94
Contribution to Superannuation fund	21.60	28.20

\* As the future liabilities for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

# The Company has accrued ₹ 1,544.53 in respect of employee stock options granted to whole time director and CEO. The same has not been considered as managerial remuneration of the current year as defined under Section 2(78) of the Companies Act, 2013 as the options have not been exercised.

# NOTES

## to the financial statements for the year ended March 31, 2016

### NOTE 31 - RELATED PARTY DISCLOSURES (contd.)

₹ in Lacs

#### d) Related party balances

	2015-16	2014-15
<b>Amounts receivable</b>		
<b>Loans and advances :</b>		
Associated Industries Consumer Products Pvt Ltd	-	349.83
Jyothy Consumer Products Marketing Ltd	47,250.31	43,000.00
<b>Trade receivables :</b>		
Jyothy Consumer Products Marketing Ltd	-	415.39
Jyothy Kallol Bangladesh Limited	11.31	-
<b>Amounts payable</b>		
<b>Trade payables :</b>		
Individual having control	421.04	312.69
Key management personnel	378.93	281.42
<b>Advance from customer</b>		
Jyothy Consumer Products Marketing Ltd	22.38	-

### NOTE 32 - OPERATING LEASES

#### In case of assets taken on lease

The Company has entered into Lease agreements for premises, which expire at various dates over the next five years. Certain agreements provide for increase in rent. Lease rental expense for the year ended March 31, 2016 was ₹ 1,266.10 (2015 - ₹ 1,160.19). There are no restrictions imposed by lease arrangements.

	2015-16	2014-15
Future lease payment under non - cancellable operating leases are as follows:		
Payable not later than one year	295.69	45.82
Payable later than one year and not later than five years	706.51	0.64
Payable later than five years	104.51	-
	<b>1,106.71</b>	<b>46.46</b>

#### In case of assets given on lease

The Company has leased out few of its premises on operating lease. The Gross carrying amount and accumulated depreciation as at March 31, 2016 is ₹ 97.46 and ₹ 24.45 (2015 - ₹ 97.46 and ₹ 23.47) respectively. Lease rent income for the year ended March 31, 2016 was ₹ 66.30 (2015 - ₹ 75.84). There is no escalation clause in the lease agreement and the lease is cancellable in nature. There are no restrictions imposed by lease arrangements.

### NOTE 33 - CONTINGENT LIABILITIES

	2016	2015
Based on management's evaluation following contingent liabilities is not probable and hence not provided by the Company in respect of:		
(i) Amount outstanding in respect of corporate guarantees	4,902.44	5,077.44
(ii) Tax matters		
(a) Disputed sales tax demands – matters under appeal	1,870.13	1,843.20
(b) Disputed excise duty and service tax demand - matter under appeal	3,864.18	2,963.75
(c) Disputed income tax demand - matter under appeal *	6,733.15	3,741.60
(iii) Other statutory dues	3.83	7.72

\* The amount shown above does not include contingent liability for assessment years which have been reopened (unless demand order is raised) and those pending assessments.



# NOTES

## to the financial statements for the year ended March 31, 2016

₹ in Lacs

### NOTE 34 - CAPITAL COMMITMENTS (NET OF ADVANCES)

	2016	2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,050.72	441.50
	<b>1,050.72</b>	<b>441.50</b>

### NOTE 35 : MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ( 'MSMED' )

The disclosure pursuant to the said Act is as under :

	2016	2015
Principal amount due to suppliers under MSMED Act	4,682.31	3,728.17
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	4.97	4.05
Interest paid to suppliers under the MSMED Act	-	-
Interest due and payable towards suppliers under MSMED Act towards payment already made	-	-
Interest accrued and remaining unpaid at the end of accounting year	4.97	4.05

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

### NOTE 36 - EMPLOYEE STOCK OPTION PLANS ('ESOP')

On August 16, 2014 the Remuneration and Compensation Committee of the Board of Directors of the Company approved the Employee Stock Option Scheme 2014 ("ESOS-2014") for issue of stock options to the key employees and Employee Stock Option Scheme 2014-A ("ESOS- 2014-A") for issue of stock options to Whole Time Director & CEO of the Company. According to the scheme, whole time Director and CEO and eligible employees selected by the Remuneration and Compensation Committee will be entitled to options from time to time, subject to satisfaction of prescribed vesting conditions. The relevant terms of the grant are as below :-

Particulars	("ESOS -2014")	("ESOS -2014")	("ESOS -2014 - A")
	Grant – I	Grant – II	
Date of Grant	August 16, 2014	January 27, 2015	August 16, 2014
Number of options granted	5,03,445	34,507	27,15,352
Vesting period	33% - Year 1 33% - Year 2 34% - Year 3	33% - Year 1 33% - Year 2 34% - Year 3	66.67% - Year 1 16.67% - Year 2 16.66% - Year 3
Exercise period	5 years from the respective dates of vesting		
Exercise Price - Per share	₹ 1	₹ 1	₹ 1
Market price at grant date - Per share	₹ 188.70	₹ 289.80	₹ 188.70

The details of the activity under the above schemes are summarised as below;

Particulars	("ESOS -2014")	("ESOS -2014")	("ESOS -2014 - A")
	Grant – I	Grant – II	
Outstanding at April 1, 2014	-	-	-
Granted during 2014-15	5,03,445	34,507	27,15,352
Cancelled during 2014-15	52,994	-	-
Exercised during 2014-15	-	-	-
Outstanding at March 31, 2015	4,50,451	34,507	27,15,352
Exercisable at March 31, 2015	4,50,451	34,507	27,15,352
Outstanding at April 1, 2015	4,50,451	34,507	27,15,352
Granted during 2015-16	-	-	-
Cancelled during 2015-16	87,970	34,507	4,52,559
Exercised during 2015-16	96,184	-	-
Outstanding at March 31, 2016	2,66,297	-	22,62,793
Exercisable at March 31, 2016	2,66,297	-	22,62,793

# NOTES

## to the financial statements for the year ended March 31, 2016

₹ in Lacs

### NOTE 36 - EMPLOYEE STOCK OPTION PLANS ('ESOP') (contd.)

For option exercised during the period, the weighted average share price at the exercise date was ₹ 297.44 per share (2015 - not applicable since no option were exercised).

No new stock option have been granted by the company in the current year.

The Black Scholes valuation model has been used for computing the weighted average fair value of the stock granted considering the following inputs for the year ended March 31, 2016 and March 31, 2015 :-

Variables	("ESOS -2014")- GRANT - I		
	Vest 1	Vest 2	Vest 3
	August 16, 2015	August 16, 2016	August 16, 2017
Volatility	36.19%	37.32%	40.33%
Riskfree Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Time To Maturity (In Years)	3.50	4.50	5.50
Dividend yield	1.59%	1.59%	1.59%
<b>Weighted average fair Value of per stock option granted (₹)</b>	<b>174.98</b>		

Variables	("ESOS -2014 - A")		
	Vest 1	Vest 2	Vest 3
	August 16, 2015	August 16, 2016	August 16, 2017
Volatility	36.19%	37.32%	40.33%
Riskfree Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Time To Maturity (In Years)	3.50	4.50	5.50
Dividend yield	1.59%	1.59%	1.59%
<b>Weighted average fair Value of per stock option granted (₹)</b>	<b>176.38</b>		

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

The Company measures the cost of ESOP using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts as indicated below:

	As at March 31, 2016	As at March 31, 2015
Profit after tax as reported	16,235.96	14,278.95
Add: ESOP cost using the intrinsic value method	1,750.26	2,871.13
Less: ESOP cost using the fair value method	(1,636.78)	(2,661.17)
Proforma profit after tax	16,349.44	14,488.91

Earnings Per Share	As at March 31, 2016	As at March 31, 2015
<b>Basic</b>		
- As reported	8.97	7.89
- Proforma	9.03	8.00
<b>Diluted</b>		
- As reported	8.84	7.83
- Proforma	8.91	7.95

### NOTE - 37 - DETAILS OF LOAN / ADVANCES GIVEN TO SUBSIDIARY COMPANIES (SECTION 186(4) OF COMPANIES ACT, 2013)

Particulars	Secured/ Unsecured	2016	2015
Associated Industries Consumer Products Pvt Ltd (AICPPL) *	Unsecured	-	349.83
Jyothy Consumer Products Marketing Ltd(JCPML)**	Unsecured	47,250.31	43,000.00

The above loans are repayable on demand and utilised by the subsidiaries towards their working capital requirements.

\* Merged with Jyothy Consumer Products Marketing Limited w.e.f. April 1, 2014

\*\* No additional loan has been given during the year. The increase is on account of unpaid interest added to the loan given and loan transferred on account of merger of AICPPL with JCPML.

# NOTES

## to the financial statements for the year ended March 31, 2016

₹ in Lacs

### NOTE - 38 - DETAILS OF INVESTMENTS IN PARTNERSHIP FIRM

	Share of partner in profits (%)	
	2016	2015
<b>Name of Partner</b>		
Share of partner in profits (%)		
Jyothy Fabricare Services Limited	75.00%	75.00%
Jyothy Laboratories Limited	25.00%	25.00%
<b>Total capital of the firm</b>	<b>339.00</b>	<b>318.20</b>

### NOTE 39 - EARNINGS PER SHARE

	2016	2015
Net Profit for calculation of basic and diluted EPS	16,235.96	14,278.95
Weighted average number of shares for calculation of basic EPS	18,10,77,764	18,10,23,496
<b>Effect of dilution :</b>		
Stock option granted under ESOP	25,06,850	12,24,545
Weighted average number of shares for calculation of diluted EPS	<b>18,35,84,614</b>	<b>18,22,48,041</b>
Basic EPS (₹)	8.97	7.89
Diluted EPS (₹)	8.84	7.83

### NOTE - 40

As per the Notification no. 32/99-CE dated July 8, 1999, the Company was entitled to refund of excise duty in Guwahati and Jammu units equivalent to 100% of the amount of the duty paid through Personal Ledger Account ('PLA'). During an earlier year, the Government issued notifications no. 17/2008-CE and 19/2008-CE dated March 27, 2008 restricting the refund amount to a maximum percentage specified in the notification. The Company has received a favourable order from the High Court of Guwahati & Jammu and Kashmir in earlier years. Accordingly, the Company has accrued an additional benefit of ₹ 940.48 (2015 - ₹ 907.06) in the current year.

### NOTE - 41

At its meeting held on May 23, 2016 the Board of Directors have approved the scheme of amalgamation of Jyothy Consumer Products Marketing Limited (wholly owned subsidiary) with the Company on May 23, 2016. The appointed date under the scheme will be April 1, 2016.

### NOTE 42

The Company has entered into an option agreement dated May 5, 2011 with Henkel AG & Co. KGaA (Henkel AG) whereby the Company has granted Henkel AG a firm and irrevocable option, at its sole discretion at any time after the beginning of the fifth year and ending upon the expiry of the sixth year of the said agreement or such other mutually extended period, to acquire a maximum of 26% of the issued equity share capital of the Company at a price which will be mutually determined by the parties at a later date.

### NOTE 43 - EXCEPTIONAL ITEM

Exceptional item relates additional payment towards retrenchment of employees for the Kandanaserry unit in previous year.

### NOTE 44 - PREVIOUS YEAR FIGURES

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

#### Signatures to Notes 1 to 44

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No. 324982E/ E300003

per **Vikram Mehta**

Partner

Membership No.: 105938

Place: Mumbai

Date: May 23, 2016

For and on behalf of the Board of Directors of

**Jyothy Laboratories Limited**

**M.P. Ramachandran**

Chairman and Managing Director

DIN: 00553406

**M.L. Bansal**

Company Secretary

Membership No.: F2297

Place: Mumbai

Date: May 23, 2016

**K.Ullas Kamath**

Joint Managing Director and Chief Financial Officer

DIN: 00506681

**S.Ragunandan**

Whole Time Director and Chief Executive Officer

DIN: 02263845

# INDEPENDENT AUDITOR'S REPORT

To  
 The Members of  
 Jyothy Laboratories Limited

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Jyothy Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## AUDITOR'S RESPONSIBILITY

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

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

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

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group. Refer Note 34 to the consolidated financial statements;
  - The Group did not have any material foreseeable losses in long-term contracts including derivative contracts.

- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India.

#### OTHER MATTER

- (a) The accompanying consolidated financial statements include total assets of Rs 2,115.10 lacs as at March 31, 2016, and total revenues and net cash inflows of Rs 1,689.47 lacs and Rs 224.45 lacs for the year ended on that date, in respect of four subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

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

Chartered Accountants

ICAI Firm Registration Number: 324982E/ E300003

**per Vikram Mehta**

Partner

Membership Number: 105938

Place of Signature: Mumbai

Date: May 23, 2016

## **ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JYOTHY LABORATORIES LIMITED**

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

### **To the Members of Jyothy Laboratories Limited**

In conjunction with our audit of the consolidated financial statements of Jyothy Laboratories Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Jyothy Laboratories Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

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

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

### **Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material

weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

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

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note



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

**Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to 2 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2016, and the

Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated March 23, 2016 expressed an unqualified opinion thereon.

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

ICAI Firm Registration Number: 324982E/ E30003

**Vikram Mehta**

Partner

Membership Number: 105938

Place of Signature: Mumbai

Date: May 23, 2016

# CONSOLIDATED BALANCE SHEET

as at March 31, 2016

₹ In Lacs

	Note	2016	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	1,811.20	1,810.23
Reserves and surplus	5	82,802.46	76,155.74
		<b>84,613.66</b>	<b>77,965.97</b>
Minority Interest		169.74	143.74
<b>Non-current liabilities</b>			
Long-term borrowings	6	727.44	44,902.44
Deferred tax liabilities (Net)	7	2,530.38	54.24
Other long term liabilities	8	498.50	16,157.72
Provisions	9	1,776.65	1,370.42
		<b>5,532.97</b>	<b>62,484.82</b>
<b>Current liabilities</b>			
Trade payables	10		
Total outstanding dues of micro enterprises and small enterprises		4,718.54	3,741.78
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,365.50	9,505.01
Other current liabilities	11	64,585.76	15,748.76
Provisions	9	5,738.53	12,082.41
		<b>86,408.33</b>	<b>41,077.96</b>
<b>TOTAL</b>		<b>176,724.70</b>	<b>181,672.49</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
(i) Tangible assets	12	27,794.80	28,371.21
(ii) Intangible assets	12	78,982.93	79,031.01
(iii) Capital work-in-progress		552.18	1,619.49
(iv) Intangible assets under development		240.00	-
Non-current investments	13	2.59	149.89
Loans and advances	14	23,699.48	17,645.64
Other assets	15	93.87	250.93
		<b>131,365.85</b>	<b>127,068.17</b>
<b>Current assets</b>			
Current investments	16	8,344.00	19,201.64
Inventories	17	18,265.50	18,520.36
Trade receivables	18	9,411.03	5,741.90
Cash and Bank balances	19	6,119.84	7,462.69
Loans and advances	14	2,561.65	3,174.07
Other assets	15	656.83	503.66
		<b>45,358.85</b>	<b>54,604.32</b>
<b>TOTAL</b>		<b>176,724.70</b>	<b>181,672.49</b>
Summary of significant accounting policies	3		

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

As per our report of even date

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

per **Vikram Mehta**  
 Partner  
 Membership No.: 105938

Place: Mumbai  
 Date: May 23, 2016

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

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

**M.L. Bansal**  
 Company Secretary  
 Membership No.: F2297

Place: Mumbai  
 Date: May 23, 2016

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

**S.Raghunandan**  
 Whole Time Director and Chief Executive Officer  
 DIN: 02263845

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

₹ In Lacs

	Note	2015-16	2014-15
<b>REVENUE</b>			
<b>Sales (net of trade discount)</b>		166,084.75	151,596.75
Less: Excise duty		(5,917.36)	(5,272.30)
Net sales		160,167.39	146,324.45
Sale of services		4,305.94	4,205.02
Other operating income	20	183.39	954.03
<b>Revenue from operations</b>		<b>164,656.72</b>	<b>151,483.50</b>
Other income	21	1,025.45	562.45
<b>Total Revenue (I)</b>		<b>165,682.17</b>	<b>152,045.95</b>
<b>EXPENSES</b>			
Cost of raw material and components consumed	22	49,662.91	46,776.34
Purchase of traded goods		30,134.51	31,485.68
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	23	115.30	(515.95)
Employee benefits expense	24	16,610.22	15,026.14
Employee stock option expenses	24	1,750.26	2,871.13
Other expenses	25	44,373.95	39,539.10
<b>Total Expense (II)</b>		<b>142,647.15</b>	<b>135,182.44</b>
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTIZATION AND IMPAIRMENT (EBITDA) (I) – (II)</b>		<b>23,035.02</b>	<b>16,863.51</b>
Depreciation, amortisation and impairment	12	3,140.15	3,254.55
Finance Costs	26	603.30	1,376.76
Interest Income	27	434.67	429.66
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>19,726.24</b>	<b>12,661.86</b>
Exceptional Item	42	-	209.18
<b>PROFIT BEFORE TAX</b>		<b>19,726.24</b>	<b>12,452.68</b>
Current tax (MAT)		4,314.38	3,087.06
Less MAT credit entitlement		(2,860.03)	(3,084.75)
- Net Current Tax		<b>1,454.35</b>	<b>2.31</b>
- Deferred tax charge/(credit)		2,476.14	(60.51)
- Excess tax provision / MAT credit reversal of earlier years		-	412.45
<b>PROFIT AFTER TAX</b>		<b>15,795.75</b>	<b>12,098.43</b>
Minority Share (share in loss)		(0.29)	(13.96)
<b>PROFIT AFTER TAX AND MINORITY SHARE</b>		<b>15,796.04</b>	<b>12,112.39</b>
<b>EARNINGS PER SHARE (EPS)</b>			
Basic (₹)	41	8.72	6.69
Diluted (₹)	41	8.60	6.65
Nominal value per share (₹)		1.00	1.00
Summary of significant accounting policies	3		

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

As per our report of even date

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

per **Vikram Mehta**  
Partner  
Membership No.: 105938

Place: Mumbai  
Date: May 23, 2016

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

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

**M.L. Bansal**  
Company Secretary  
Membership No.: F2297

Place: Mumbai  
Date: May 23, 2016

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

**S.Raghunandan**  
Whole Time Director and Chief Executive Officer  
DIN: 02263845

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2016

₹ In Lacs

	2015-16	2014-15
<b>A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:</b>		
<b>Profit before Tax</b>	19,726.24	12,452.68
<b>Adjustment to reconcile profit before tax to net cash flow:</b>		
Depreciation, amortisation and impairment (net)	3,140.15	3,254.55
Loss on fixed assets discarded	115.08	134.14
Profit on sale of fixed assets	(48.90)	(16.17)
Profit on sale of current investments	(934.71)	(500.93)
Interest and finance charges	603.30	1,376.76
Interest income	(434.67)	(429.66)
Liabilities no longer required written back (net)	-	(389.17)
Differential Tariff towards power and fuel expenses of earlier years	-	(400.31)
Foreign exchange fluctuation gain (net)	(14.47)	(13.51)
Provision for doubtful debts / bad debt written off	23.91	130.21
Provision for doubtful advances	74.67	14.43
Employee stock option expenses	1,750.26	2,871.13
<b>Operating profit before working capital changes</b>	<b>24,000.86</b>	<b>18,484.15</b>
<b>Movements in working capital :</b>		
Increase/ (decrease) in trade payables	2,856.33	2,398.67
Increase / (decrease) in provisions	437.85	509.97
Increase/ (decrease) in other liabilities	1,381.43	(623.27)
Decrease / (increase) in trade receivables	(3,678.57)	824.37
Decrease / (increase) in inventories	254.86	(1,140.33)
Decrease / (increase) in loans and advances	(986.07)	157.09
Decrease / (increase) in other current assets	51.96	189.96
<b>Cash generated from operations</b>	<b>24,318.65</b>	<b>20,800.61</b>
Taxes paid (net)	(5,171.76)	(4,170.86)
<b>Net cash (Used in) / generated from operating activities (A)</b>	<b>19,146.89</b>	<b>16,629.75</b>
<b>B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:</b>		
Purchase of fixed assets including capital work-in-progress and Capital Advances	(2,740.78)	(1,707.04)
Proceeds from sale of fixed assets	169.55	66.65
Proceeds from / (Investment in fixed deposit) [having original maturity of more than three months]	1,233.47	(1,860.31)
Profit on sale of current investments	934.71	500.93
Interest Income received	436.68	431.34
<b>Net cash (Used in) / generated from investing activities (B)</b>	<b>33.63</b>	<b>(2,568.43)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2016

₹ In Lacs

	2015-16	2014-15
<b>C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:</b>		
Interest and finance charges paid	(982.34)	(1,367.18)
Allotment of equity shares under ESOP Scheme	0.97	-
Proceeds from / (Repayment of) long-term borrowings	(11,675.00)	3,810.50
Repayment of Deferred Payment Liability	(180.00)	-
Proceed from issue of shares by subsidiary	26.29	-
Expenditure incurred on issue of Debentures	-	(15.00)
Dividend paid	(14,485.73)	(3,620.47)
Dividend tax paid	(2,948.95)	(615.30)
<b>Net cash (Used in) /generated from financing activities (C)</b>	<b>(30,244.76)</b>	<b>(1,807.45)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(11,064.24)</b>	<b>12,253.87</b>
Cash and cash equivalents at the beginning of the year	21,775.64	9,521.77
<b>Cash and cash equivalents at the end of the year</b>	<b>10,711.40</b>	<b>21,775.64</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	37.84	42.69
Balance with scheduled banks - Current account	1,764.96	2,477.97
- Deposit account	425.32	-
Unclaimed dividend accounts *	139.28	53.34
<b>Cash and cash equivalents (Note 19)</b>	<b>2,367.40</b>	<b>2,574.00</b>
Mutual Fund Investments (Note 16)	8,344.00	19,201.64
<b>Cash and cash equivalents considered for cash flows statement</b>	<b>10,711.40</b>	<b>21,775.64</b>
* Not available for use by the management for any other purpose		
Summary of significant accounting policies	Note 3	

As per our report of even date

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

per **Vikram Mehta**  
Partner  
Membership No.: 105938

Place: Mumbai  
Date: May 23, 2016

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

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

**M.L. Bansal**  
Company Secretary  
Membership No.: F2297

Place: Mumbai  
Date: May 23, 2016

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

**S.Raghunandan**  
Whole Time Director and Chief Executive Officer  
DIN: 02263845

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

### NOTE 1 - BACKGROUND

The Consolidated financials statement comprise the financial statements of Jyothy Laboratories Limited ('the Company') and its subsidiaries hereinafter referred to as 'the Group'. The Group is principally engaged in manufacturing and marketing of fabric whiteners, soaps, detergents, mosquito coils and incense sticks and also provides laundry and dry cleaning services.

### NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- a) The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets which has been recorded on fair value and assets for which provision for impairment is made. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.
- b) The consolidated financial statements of the Group have been consolidated on a line-by-line basis by adding together the book values of subsidiary companies like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits / unrealised losses on intra-group transactions as per Accounting Standard 21(AS 21) "Consolidated Financial Statements". The results of subsidiaries are included from the date of acquisition of a controlling interest. The excess/shortfall of cost to the Group of its investments in the subsidiary companies is recognised in the financial statements as goodwill/capital reserves, as the case may be. Goodwill on consolidation is tested for impairment at every reporting date.
- c) Minority interest in net asset of consolidated subsidiary consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the company in subsidiary companies and further movement in their share in equity, subsequent to the dates of investment.
- d) The Consolidated Financial Statements for the year ended March 31, 2016 includes the financial statements of the following subsidiaries:

Name of the Company	Country of incorporation	Percentage of ownership either directly or indirectly through subsidiaries as at	
		March 31, 2016	March 31, 2015
(a) Direct Subsidiaries			
1. Associated Industries Consumer Products Pvt Ltd \$	India	(Note II)	100.00
2. Jyothy Fabricare Services Limited	India	75.10	75.10
3. Jyothy Consumer Products Ltd	India	(Note II)	(Note II)
4. Jyothy Kallol Bangladesh Limited	Bangladesh	75.00	75.00
5. Jyothy Consumer Products Marketing Ltd	India	100.00	100.00
(b) Indirect Subsidiaries *			
6. Snoways Launderers and Drycleaners Pvt. Ltd (Note I)	India	36.80	36.80
7. Diamond Fabcare Private Limited	India	(Note II)	(Note II)
8. Akash Cleaners Private Limited	India	(Note II)	(Note II)
9. Fab Clean & Care Private Limited	India	(Note II)	(Note II)
10. Four Seasons Dry Cleaning Co. Private Limited	India	75.10	75.10
11. JFSL-JLL(JV)	India	81.32	81.32

\* Effective holding % of Company directly and indirectly through its subsidiaries.

\$ Merged with Jyothy Consumer Products Marketing Limited w.e.f. 01 April, 2014

Note :

- I Jyothy Fabricare Services Limited has 49% share in Snoways Launderers & Drycleaners Pvt. Ltd and has entered into agreement which enable it to control the composition of the Board of Directors of the latter, making it a subsidiary company of Jyothy Fabricare Services Limited.
- II These entities have been merged with the Company or its subsidiaries under an approved scheme of amalgamation of High Court in earlier years. There is no impact of this merger on the consolidated financial statements of the Group, since the business was already included in the consolidated financial statements of earlier years.



# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group, in respect of the consolidated financial statements are as follows:

#### a) Use of estimates

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

#### b) Tangible fixed assets

Fixed assets are initially recorded at cost. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. The cost of the tangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, tangible assets are carried at cost less accumulated depreciation and impairment losses, if any.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The group identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

#### c) Intangible assets

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

Gains or 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 recognized in the statement of profit and loss when the asset is derecognized.

#### d) Depreciation and amortisation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management.

The estimated useful life of the assets is as follows:

Category	Estimated useful life (in years)
Factory Buildings	10-30
Building (Other than Factory Building)	30-60
Building (Fences and temporary structure)	3-6
Plant and machinery	13-15
Furniture and fixtures	5-10
Leasehold Improvements (Outlets on lease)	3
Dies and moulds	3
Computers	3-6
Office equipments	5
Vehicles	6-10
Know-how	3-5
Trademarks and Copyrights	9-10
Softwares and Licences	10

The goodwill purchased is not amortised but tested for impairment purposes for every year. Assets costing less than ₹ 5,000 are depreciated at the rate of 100 %. Leasehold land is amortised over the period of the lease on a straight-line basis which ranges between 60-90 years.

The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets (which were taken over during the merger of erstwhile Jyothy Consumer Products Limited), which are lower than those indicated in Schedule II.

Category	Estimated useful life (in years)
Factory Buildings	10
Building (Other than Factory Building)	30
Plant and machinery	13
Furniture and fixtures	5
Vehicles	6

The amortization/ depreciation period and the amortization/ depreciation method are reviewed at least at each financial year end.

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

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

### e) Impairment

- i) The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group 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 asset's 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 into 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 recognized 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 recognized. 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 recognized for the asset in prior years.

### f) Operating Leases

#### i. Where the company is a lessee;

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

#### ii. Where the company is a lessor;

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

### g) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to revenue item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value in arriving at the carrying amount of the related asset. Government grant in the nature of promoters' contribution is credited to the investment subsidy reserve.

### h) Investment

Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties and other costs that arise on acquisition of investment. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

An investment in land or building, which is not intended to be occupied substantially for use by, or in the operations of the Group is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and impairment losses, if any.

### i) Inventories

Inventories of raw materials, packing materials, work-in-progress, finished goods, operating supplies, stores and consumables items are valued at cost or net realizable value, whichever is lower. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost is ascertained on First-in-First out ('FIFO') basis and includes all applicable costs incurred in bringing goods to their present location and condition. Cost of work in progress, manufactured packing material and finished goods includes materials and all applicable manufacturing overheads. The Group accrues for excise duty liability in respect of manufactured finished goods/ intermediary inventories lying in the factory.

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a FIFO basis.

Operating supplies are items in circulation. Cost is ascertained on First-in-First out ('FIFO') basis and includes all applicable costs incurred in bringing goods to their present location and condition and then written off over their estimated period of usage.

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

### j) Revenue recognition

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

#### Sale of Goods :

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Excise Duty, Sales Tax and VAT deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Revenue includes the amount of excise duty refund received / due in accordance with incentive scheme. Revenue is net of trade discount given.

#### Sale of Services :

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

#### Interest :

Revenue is recognised on a time proportion basis taking into account the amount outstanding and at the applicable interest rate.

### k) Foreign currency translation

#### (i) Initial Recognition

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

#### (ii) Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-

monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

#### (iii) Exchange Differences

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

### l) Retirement and other employee benefits

- i) Retirement benefit in the form of provident fund and super annuation fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the respective fund. The Group recognizes contribution payable to the provident fund/ super annuation scheme as an expenditure, when an employee renders the related service.
- ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
- iv) The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.
- v) Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred.

### m) Sales promotion items

Sales promotion items are valued at cost. Cost is ascertained on First-in-First out ('FIFO') basis and includes all applicable costs incurred in bringing goods to their present location and condition.

### n) Income-tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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

In the situations where an entity in the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the entity restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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

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

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the Guidance Note on Accounting

for credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. MAT credit entitlement is reviewed at each balance sheet date and is written down to the extent there is no longer convincing evidence to the effect that normal Income Tax will be paid during the specified period.

### o) Provisions

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

### p) Excise duty

Excise duty on turnover is reduced from turnover. Excise duty relating to the difference between the opening stock and closing stock is recognised as income/ expense as the case may be, separately in the statement of profit and loss.

### q) Segment Reporting

#### Identification of segments:

The Group's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

#### Segment accounting policies :

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

#### Intersegment transfer :

The Group generally accounts for inter segment sales and transfers as if the sales or transfer were to third parties at market price.

#### Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

#### Unallocated items:

It includes general corporate income and expense items which are not allocated to any business segment.

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

### r) 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. The weighted average number of equity shares outstanding during the year are adjusted for event of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

### s) Cash and Cash equivalents

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

### t) Borrowing Costs

Borrowing costs consist of interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the respective asset. All other borrowing costs are expensed in the period they occur.

### u) 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 Group or a present obligation that is not recognized 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 recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

### v) Measurement of EBITDA

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

### w) Employee stock compensation cost

Employees in senior management of the company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ In Lacs

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 4</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
2,570,000,000 (2015 - 2,570,000,000) equity shares of ₹ 1 (2015 - ₹ 1) each	25,700.00	25,700.00
	<b>25,700.00</b>	<b>25,700.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
181,119,680 (2015 - 181,023,496) equity shares of ₹ 1 (2015 - ₹ 1) each fully paid	1,811.20	1,810.23
	<b>1,811.20</b>	<b>1,810.23</b>

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

	As at March 31, 2016		As at March 31, 2015	
	No.	Amount	No.	Amount
At the beginning of the period	181,023,496	1,810.23	181,023,496	1,810.23
Issued / Subscribed during the year (ESOP)	96,184	0.97	-	-
Outstanding at the end of the period	181,119,680	1,811.20	181,023,496	1,810.23

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

	As at March 31, 2016		As at March 31, 2015	
	No.	% Holding in the class	No.	% Holding in the class
Equity shares of ₹ 1 each fully paid				
M. P. Ramachandran	72,112,060	39.81%	72,112,060	39.81%
Sahyadri Agencies Limited	15,000,000	8.28%	15,000,000	8.28%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

### c. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of 1 ₹ per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016 the amount of per share dividend recognized as distributions to equity shareholders was ₹ 5 (2015 - ₹ 4) including interim dividend of ₹ 4 per equity share paid during the year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### d. Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	As at March 31, 2016	As at March 31, 2015
	No.	No.
Equity shares allotted as fully paid bonus shares by capitalization of securities premium (FY 2013 - 2014)	2,379,748	2,379,748
Equity shares issued for consideration other than cash, pursuant to scheme of amalgamation with erstwhile Jyothy Consumer Products Limited (JCPL) (FY 2013 - 2014)	2,379,748	2,379,748
	<b>4,759,496</b>	<b>4,759,496</b>

In addition the company has issued 96,184 share (2015 Nil) during the period of five years immediately preceding the reporting date on exercise of option granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

### e. Share received for issue under option

For details of shares reserved for issue under the employee stock option plan (ESOP) of the company, please refer Note 36.



# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ In Lacs

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 5</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Surplus in the statement of profit and loss :</b>		
Balance, beginning of the year	(14,651.09)	(12,312.30)
Profit for the year	15,796.04	12,112.41
	<b>1,144.95</b>	<b>(199.89)</b>
Less : Appropriations		
Proposed dividend (amount per share ₹ 1 (2015 - ₹ 4))	(1,811.20)	(7,240.94)
Tax on proposed dividend	(368.72)	(1,474.08)
Interim dividend (amount per share ₹ 4 (2015 - ₹ Nil))	(7,244.79)	-
Tax on Interim dividend	(1,474.87)	-
Transfer to Debenture Redemption Reserve	(4,560.01)	(5,372.51)
Depreciation as per Schedule II of Companies Act, 2013*	-	(363.67)
<b>Net (deficit) in the statement of profit and loss</b>	<b>(14,314.64)</b>	<b>(14,651.09)</b>
<b>Capital Reserve</b>	<b>5,480.32</b>	<b>5,480.32</b>
<b>Securities premium</b>		
Balance, beginning of the year	37,814.38	39,191.20
Add : Addition on ESOPs exercised	180.54	-
Less: Expenses incurred on issue of Debentures	-	(15.00)
Less: Premium payable on redemption of non convertible debentures issued	-	(1,361.82)
Balance, end of the year	<b>37,994.92</b>	<b>37,814.38</b>
<b>Investment subsidy</b>	<b>106.90</b>	<b>106.90</b>
<b>Debenture Redemption Reserve</b>		
Balance, beginning of the year	11,995.02	6,622.51
Add: Amount transferred from surplus balance in the statement of profit and loss	4,560.01	5,372.51
Less: Amount transferred to General Reserves	(2,875.00)	-
Balance, end of the year	<b>13,680.03</b>	<b>11,995.02</b>
<b>General reserves</b>		
Balance, beginning of the year	32,539.08	32,539.08
Add: Amount transferred from Debenture Redemption Reserve	2,875.00	-
Balance, end of the year	<b>35,414.08</b>	<b>32,539.08</b>
<b>Employee Stock Option Outstanding</b>		
Balance, beginning of the year	2,871.13	-
Add: Compensation on stock option granted during the year	2,397.87	2,871.13
Less: Compensation on stock option cancelled during the year	(647.61)	-
Less: Transfer to securities premium on exercise of stock options	(180.54)	-
	<b>4,440.85</b>	<b>2,871.13</b>
	<b>82,802.46</b>	<b>76,155.74</b>

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

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ In Lacs

	NON CURRENT		CURRENT	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 6</b>				
<b>LONG-TERM BORROWINGS</b>				
Term loans from Bank (secured)	727.44	902.44	175.00	175.00
Secured Redeemable Zero Coupon Non Convertible Debentures				
4,000 (2015-4,000) Debentures of ₹ 10,00,000 (2015-₹ 10,00,000) each	-	40,000.00	40,000.00	-
9.65% Secured Redeemable Non Convertible Debentures				
Nil (2015-650) Debentures of ₹ Nil (2015-₹ 10,00,000) each	-	-	-	6,500.00
10.25% Secured Redeemable Non Convertible Debentures				
Nil (2015-500) Debentures of ₹ Nil (2015-₹ 10,00,000) each	-	-	-	5,000.00
Unlisted, Redeemable, Non Convertible Debentures				
400 (2015-400) Debentures of ₹ 10,00,000 (2015-₹ 10,00,000) each	-	4,000.00	4,000.00	-
Deferred Payment Liability (Unsecured)	-	-	180.00	360.00
Amount disclosed under 'Other Current Liabilities' (Note 11)	-	-	(44,355.00)	(12,035.00)
	<b>727.44</b>	<b>44,902.44</b>	<b>-</b>	<b>-</b>

### Details of loan:

- Term loan of ₹ 902.44 (2015 - ₹ 1,077.44) from bank has been taken in financial year 2012-13. The loan is repayable in 32 quarterly installments beginning from August 2013. The loan is secured by exclusive first charge on the entire fixed assets and current assets of the JFSL-JLL (JV) and further secured by corporate guarantee given by the company.
- 4,000 Zero Coupon Non Convertible Redeemable Debentures of ₹ 10,00,000 each - Redeemable at premium of ₹ 368,022 per debenture after 3 years from the date of allotment i.e. November 14, 2013. These debentures are secured by first charge on all fixed assets and select Brands (Maxo and Exo).
- 400 Unlisted, Redeemable, Non Convertible Debentures of ₹ 10,00,000 each - Redeemable at a premium of ₹ 340,455 per debenture after 3 years from the date of allotment i.e. January 12, 2015. The Debentures are unsecured and covered by corporate guarantee given by the Company.
- Deferred payment liability are repayable over a period of 3 years in equal installments.

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 7</b>		
<b>DEFERRED TAX LIABILITIES, (NET)</b>		
<b>a) Deferred tax liability</b>		
Depreciation	4,392.05	4,463.88
<b>Gross Deferred tax liability (A)</b>	<b>4,392.05</b>	<b>4,463.88</b>
<b>b) Deferred tax assets</b>		
Technical royalty	1.19	1.58
Provision for gratuity	594.12	468.56
Provision for doubtful debts	159.75	159.75
Provision for doubtful advances	542.01	521.28
Provision for leave encashment	282.90	269.72
Provision for impairment losses	59.05	60.27
Provision for bonus	6.58	6.58
Other Disallowances	76.31	32.87
On carry forward loss and unabsorbed depreciation	139.76	2,889.03
<b>Gross Deferred tax assets (B)</b>	<b>1,861.67</b>	<b>4,409.64</b>
<b>Net deferred tax liabilities (A - B)</b>	<b>2,530.38</b>	<b>54.24</b>

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ In Lacs

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 8</b>		
<b>OTHER LONG-TERM LIABILITIES</b>		
Premium payable on redemption of Debentures	16,081.91	16,081.91
Creditors for Capital Goods	-	75.81
Amount disclosed under 'Other Current Liabilities' (Note 11)	(15,583.41)	-
	<b>498.50</b>	<b>16,157.72</b>

	NON CURRENT		CURRENT	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 9</b>				
<b>PROVISIONS</b>				
<b>Provision for employee benefits</b>				
Provision for leave encashment	-	-	830.90	797.74
Provision for gratuity (Note 28)	1,776.65	1,370.42	13.47	10.45
	<b>1,776.65</b>	<b>1,370.42</b>	<b>844.37</b>	<b>808.19</b>
<b>Other provisions</b>				
Provision for wealth tax	-	-	4.17	8.73
Provision for income tax (net of advance tax of ₹ 3,777.52 (2015 - ₹ 2,700.12))	-	-	534.48	374.88
Provision for litigation*	-	-	2,175.59	2,175.59
Proposed dividend	-	-	1,811.20	7,240.94
Tax on proposed dividend	-	-	368.72	1,474.08
	<b>1,776.65</b>	<b>1,370.42</b>	<b>5,738.53</b>	<b>12,082.41</b>

\*Provision for litigation relates to certain indirect tax cases pending at various levels. There is no movement in the provision in current year.

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 10</b>		
<b>TRADE PAYABLES</b>		
Total outstanding dues of micro enterprises and small enterprises (refer note 43 for details of dues to micro and small enterprises)	4,718.54	3,741.78
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Other trade payable	5,590.95	4,257.19
Accrual for expenses	5,774.55	5,247.82
	<b>16,084.04</b>	<b>13,246.79</b>

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 11</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Interest accrued but not due on Long Term Borrowings	-	377.16
Interest accrued and due on Long Term Borrowings	9.01	10.89
Statutory Dues	1,952.29	1,696.04
Unclaimed dividend *	139.28	53.34
Security deposits	33.65	63.09
Advances from customers	614.28	212.43
Advances towards fixed assets/ investment property held for sale	20.00	95.84
Creditors for capital goods	98.39	186.27
Accrual for sales promotion schemes	1,780.45	1,018.70
Current maturities of Long Term Borrowings (Note 6)	44,355.00	12,035.00
Current maturities of premium payable on redemption of Debentures (Note 8)	15,583.41	-
	<b>64,585.76</b>	<b>15,748.76</b>

\* There are no amounts payable / due to be credited to Investor Education and Protection Fund.

## to the Consolidated Financial Statements for the year ended March 31, 2016

## NOTE 12

## TANGIBLE AND INTANGIBLE ASSETS

₹ In Lacs

Particulars	As at April 1, 2015	Gross Block Addition	Deletions	As at March 31, 2016	As at April 1, 2015	Depreciation and Amortisation For the year adjusted to reserve as per Schedule II of the Companies Act 2013*	Deletions	As at March 31, 2016	As at April 1, 2015	Charge For the year*	Impairment Deletion	As at March 31, 2016	Net Block As at March 31, 2016	As at March 31, 2015
<b>Intangible assets</b>														
Goodwill	79,058.23	-	-	79,058.23	373.54	-	-	79,058.23	373.54	51.50	-	51.50	78,633.19	78,633.19
Trademarks and Copyrights\$	79,054.78	3.45	-	79,058.23	373.54	-	-	79,054.78	373.54	51.50	-	51.50	-	-
	618.44	-	-	618.44	489.99	-	45.28	618.44	489.99	23.68	-	23.68	59.49	104.77
	618.44	-	-	618.44	444.43	-	45.56	618.44	444.43	23.68	-	23.68	-	-
Know-how	647.12	-	-	647.12	647.12	-	-	647.12	647.12	-	-	-	-	-
	647.12	-	-	647.12	575.45	-	71.67	647.12	575.45	-	-	-	-	-
Software and Licences	481.15	47.43	-	528.58	188.10	-	50.23	481.15	188.10	-	-	-	290.25	293.05
	389.82	117.72	26.39	481.15	163.41	-	51.06	389.82	163.41	-	-	-	-	-
<b>Total intangible assets</b>	<b>80,804.94</b>	<b>47.43</b>	<b>-</b>	<b>80,852.37</b>	<b>1,698.75</b>	<b>-</b>	<b>95.51</b>	<b>80,804.94</b>	<b>1,698.75</b>	<b>75.18</b>	<b>-</b>	<b>75.18</b>	<b>78,982.93</b>	<b>79,031.01</b>
	80,710.16	121.17	26.39	80,804.94	1,556.83	-	168.29	80,710.16	1,556.83	75.18	-	75.18	-	-
<b>Tangible assets</b>														
Freehold land ^	3,727.30	-	-	3,727.30	-	-	-	3,727.30	-	-	-	-	3,727.30	3,727.30
	3,693.97	33.33	-	3,727.30	-	-	-	3,693.97	-	-	-	-	-	-
Leasehold land	390.74	-	-	390.74	38.55	-	3.99	390.74	38.55	-	-	-	348.20	352.19
	390.74	-	-	390.74	34.56	-	3.99	390.74	34.56	-	-	-	-	-
Building #	15,975.46	609.80	62.88	16,522.38	3,925.64	-	550.58	15,975.46	3,925.64	-	-	-	12,068.78	12,049.82
	15,793.24	1,970.00	14.78	15,793.24	3,390.58	-	540.48	15,793.24	3,390.58	-	-	-	-	-
Plant and machinery	24,283.58	1,821.71	1,020.73	25,084.56	11,467.51	-	1,969.20	24,283.58	11,467.51	2,098.48	3.53	2,094.95	10,407.79	10,717.59
	24,242.02	742.99	883.43	24,242.02	9,952.90	95.18	1,846.23	24,242.02	9,952.90	2,407.16	308.68	2,098.48	-	-
Dies and moulds	685.65	48.00	66.81	666.84	511.89	-	95.03	685.65	511.89	-	-	-	124.53	173.76
	681.39	176.93	172.67	685.65	555.51	4.58	123.71	681.39	555.51	-	-	-	-	-
Furniture and fixture	1,072.01	18.13	72.48	1,072.01	456.90	25.98	151.96	1,072.01	456.90	1.07	-	1.07	401.67	450.94
	402.01	1.10	95.06	402.01	317.35	-	48.65	402.01	317.35	-	-	-	-	-
Leasehold Improvements	531.54	96.32	225.85	402.01	463.17	-	80.03	531.54	463.17	-	-	-	24.61	84.66
	1,468.88	124.87	140.75	1,468.88	1,116.51	-	146.08	1,468.88	1,116.51	-	-	-	-	-
Office equipments	1,417.50	174.08	124.70	1,466.88	802.62	230.78	204.75	1,417.50	802.62	12.75	-	12.75	313.53	337.62
	888.75	236.39	118.34	888.75	528.56	-	122.51	888.75	528.56	-	-	-	378.39	477.33
Vehicle	888.75	236.39	118.34	888.75	483.13	7.15	135.11	888.75	483.13	0.91	-	0.91	-	-
<b>Total tangible assets</b>	<b>48,956.08</b>	<b>2,703.96</b>	<b>1,476.50</b>	<b>50,183.54</b>	<b>18,471.66</b>	<b>-</b>	<b>3,044.64</b>	<b>48,956.08</b>	<b>18,471.66</b>	<b>2,113.21</b>	<b>-</b>	<b>2,109.68</b>	<b>27,794.80</b>	<b>28,371.21</b>
	48,893.16	1,675.17	1,612.25	48,893.16	16,139.37	363.67	3,086.26	48,893.16	16,139.37	2,423.22	310.01	2,113.21	-	-
<b>Total</b>	<b>1,29,761.02</b>	<b>2,751.39</b>	<b>1,476.50</b>	<b>1,31,035.91</b>	<b>20,170.41</b>	<b>-</b>	<b>3,140.15</b>	<b>1,29,761.02</b>	<b>20,170.41</b>	<b>2,188.39</b>	<b>-</b>	<b>2,184.86</b>	<b>1,06,777.73</b>	<b>1,07,402.22</b>
<i>Previous year</i>	<i>1,29,603.32</i>	<i>1,796.34</i>	<i>1,638.64</i>	<i>1,29,761.01</i>	<i>17,696.20</i>	<i>363.67</i>	<i>3,254.55</i>	<i>1,29,603.32</i>	<i>17,696.20</i>	<i>2,498.40</i>	<i>-</i>	<i>2,188.39</i>	<i>310.01</i>	<i>310.01</i>

\$ Includes trademarks and copyrights of ₹ 315.63 (2015 - ₹ 315.63) pending for registration in the name of the Company and ₹ 37.63 (2015 - ₹ 37.63) pending for registration in the name of the Jyothy Fabricare Services Limited.

# Includes ₹ 452.19 (2015 - ₹ 452.19) represented by unquoted fully paid shares at cost in various co-operative societies. Further, also refer Note 33.

^ Land title deed relating to freehold land of ₹ 536.41 (2015 - ₹ 536.41) are pending for registration in the name of Jyothy Fabricare Services Limited.

\* Effective April 1, 2014, the group had revised the useful lives of certain fixed assets based on Schedule II to the Companies Act, 2013 for the purposes of providing depreciation on fixed assets. Accordingly, the carrying amount of the assets as on April 1, 2014 was depreciated over the remaining revised useful life of the fixed assets. Further, an amount of ₹ Nil (2015 - ₹ 363.67) (Net of tax ₹ Nil) representing the carrying amount of the assets with revised useful life as Nil, was charged to the opening reserves as on April 1, 2014.

Figures in italics are in respect of the previous year

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ In Lacs

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 13</b>		
<b>NON CURRENT INVESTMENTS (at cost, unless stated otherwise)</b>		
Investment property (Freehold land)#	-	147.30
<b>Trade Investments (Unquoted)</b>		
Henkel SPIC Employees Co-operative Thrift and Credit Society Limited		
2,000 (2015 - 2,000) equity shares of ₹ 100 (2015 - ₹ 100) each fully paid up	2.00	2.00
Capexil (Agencies) Ltd		
5 (2015 - 5) equity shares of ₹ 1,000 (2015 - ₹ 1,000) each fully paid up	0.05	0.05
Madras Industrial Cooperative Analytical Laboratory Limited		
2 (2015 - 2) equity shares of ₹ 500 (2015 - ₹ 500) each fully paid up	0.01	0.01
	<b>2.06</b>	<b>2.06</b>
Less: Provision for diminution in the value of investments	(0.06)	(0.06)
	<b>2.00</b>	<b>2.00</b>
<b>Non-Trade Investment (Unquoted)</b>		
Investment in Government Securities		
Indira Vikas Patra	0.02	0.02
National Saving Certificates (Pledged with Government authorities)	0.57	0.57
	<b>0.59</b>	<b>0.59</b>
	<b>2.59</b>	<b>149.89</b>
Aggregate amount of unquoted investments	2.59	149.89

# Since this is freehold land no depreciation is charged on same.

	NON CURRENT		CURRENT	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 14</b>				
<b>LOANS AND ADVANCES</b>				
<b>Unsecured, considered good unless otherwise stated</b>				
Capital Advances	805.90	152.89	-	-
Advance to suppliers*	58.45	65.85	1,585.59	1,500.97
Balance with excise and VAT authorities*	-	-	1,333.16	1,949.96
MAT Credit entitlement	9,194.39	6,344.14	-	-
Deposits*	1,976.48	965.73	218.15	163.70
Balance with government authorities* (Note 38)	7,955.07	7,346.82	95.01	95.59
Prepaid Expenses	4.48	1.18	150.96	192.44
Advance income tax (net of provisions of ₹ 9,966.90 (2015 - ₹ 6,891.90))	3,102.66	2,089.59	52.94	39.25
Other receivables*	853.79	979.41	424.23	461.80
Less: Provisions for doubtful advances	(251.74)	(299.97)	(1,298.39)	(1,229.64)
	<b>23,699.48</b>	<b>17,645.64</b>	<b>2,561.65</b>	<b>3,174.07</b>

\* Advances to suppliers, Balance with excise and VAT authorities, Balance with government authorities, Deposits, Capital Advances and Other receivables include ₹ 454.27 (2015 - 385.52), ₹ 881.50 (2015 - ₹ 881.50), ₹ 167.01 (2015 - ₹ 167.00), ₹ 21.03 (2015 - ₹ 49.26), ₹ Nil (2015 - ₹ 20.01) and ₹ 26.32 (2015 - ₹ 26.32) respectively, considered doubtful and fully provided for.

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ In Lacs

	NON CURRENT		CURRENT	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 15</b>				
<b>OTHER ASSETS</b>				
<b>Unsecured, considered good</b>				
Inventory-Sales Promotions Items	-	-	242.65	294.61
Interest accrued but not due	-	-	-	2.01
Investment property (Freehold land) held for sale	-	-	147.30	-
Fixed deposit with Banks (Note 19)	93.87	250.93	266.88	207.04
	<b>93.87</b>	<b>250.93</b>	<b>656.83</b>	<b>503.66</b>

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 16</b>		
<b>CURRENT INVESTMENTS Quoted (Cost or Fair value whichever is lower)</b>		
Axis Banking Debt Fund - Growth		
Nil (2015 - 133,859.97) units of ₹ Nil (2015 - ₹ 1,000) each	-	1,700.00
Axis Liquid Fund - Growth		
190,885.668 (2015 - Nil) units of ₹ 1,000 (2015 - ₹ Nil) each	3,200.00	-
Axis Short Term Fund		
Nil (2015 - 3,298,544.68) units of ₹ Nil (2015 - ₹ 10) each	-	500.00
Axis Treasury Advantage Fund - Growth		
Nil (2015 - 265,018.71) units of ₹ Nil (2015 - ₹ 1,000) each	-	4,050.00
HDFC Gilt Fund Long Term Plan - Direct Plan - Growth		
Nil (2015 - 5,672,438.54) units of ₹ Nil (2015 - ₹ 10) each	-	1,600.00
HDFC High Interest Fund - Dynamic Plan		
Nil (2015 - 815,281.64) units of ₹ Nil (2015 - ₹ 10) each	-	400.00
ICICI Prudential STP - Growth		
Nil (2015 - 1,785,912.01) units of ₹ Nil (2015 - ₹ 10) each	-	500.00
ICICI Prudential Ultra Short Term Plan - Dir - Gr		
Nil (2015 - 11,475,961.45) units of ₹ Nil (2015 - ₹ 10) each	-	1,600.00
Indiabulls Ultra Short Term Fund		
77,179.603 (2015 - 115,556.48) units of ₹ 1,000 (2015 - ₹ 1,000) each	1,100.00	1,550.00
Reliance Short Term Fund		
Nil (2015 - 5,143,139.64) units of ₹ Nil (2015 - ₹ 10) each	-	1,350.00
Religare Invesco Short Term Fund		
Nil (2015 - 53,149.72) units of ₹ Nil (2015 - ₹ 1,000) each	-	1,000.00
Reliance Invesco Ultra Short Term Fund - Direct Plan		
Nil (2015 - 51,584.63) units of ₹ Nil (2015 - ₹ 1,000) each	-	1,000.00
Taurus Short Term Income Fund		
Nil (2015 - 20,401.56) units of ₹ Nil (2015 - ₹ 1,000) each	-	500.00
Taurus Ultra Short Term Bond Fund Super Institution		
16,293.485 (2015 - 41,593.42) units of ₹ 1,000 (2015 - ₹ 1,000) each	300.00	700.00



# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ In Lacs

	As at March 31, 2016	As at March 31, 2015
Axis Treasury Advantage Fund - Direct Growth		
Nil (2015 - 1,465.714) units of ₹ Nil (2015 - ₹ 1,498.8914) each	-	21.97
Religare Invesco Credit Opportunities Fund - Growth (CO-IG)		
Nil (2015 - 46,678.225) units of ₹ Nil (2015 - ₹ 1,563.1972) each	-	729.67
TSTG Tata Short Term Bond Fund Plan A - Growth		
1,953,407.328 (2015 - 1,953,407.328) units of ₹ 25.5963 (2015 - ₹ 25.5963) each	500.00	500.00
HDFC High Interest Fund - Dynamic Plan - Growth		
1,037,150.739 (2015 - 1,037,150.739) units of ₹ 48.2090 (2015 - ₹ 48.2090) each	500.00	500.00
Franklin India Low Duration Fund - Growth		
Nil (2015 - 6,645,622.196) units of ₹ Nil (2015 - ₹ 15.0475) each	-	1,000.00
Kotak Low Duration Fund		
99,822.067 (2015 - Nil) units of ₹ 1,000 (2015 - ₹ Nil) each	1,742.51	-
Taurus Dynamic Income Fund - Growth Option		
68,32,489.199 (2015 - Nil) units of ₹ 10 (2015 - ₹ Nil) each	1,001.49	-
	<b>8,344.00</b>	<b>19,201.64</b>
Aggregate amount of quoted investments	8,344.00	19,201.64
Market value of quoted investments	8,589.15	19,497.57

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 17</b>		
<b>INVENTORIES (Valued at lower of cost or net realisable value)</b>		
Raw and packing materials (including goods in transit ₹ 2.19 (2015 - ₹ Nil))	5,034.18	5,238.99
Work in progress	1,547.72	1,371.28
Finished goods manufactured	8,089.44	7,395.12
Traded Goods (including goods in transit ₹ 253.66 (2015 - ₹ 322.89))	3,154.31	4,113.09
Stores, Operating supplies and spare parts	439.85	401.88
	<b>18,265.50</b>	<b>18,520.36</b>

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 18</b>		
<b>TRADE RECEIVABLES</b>		
Unsecured		
a) Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	876.40	872.49
Considered doubtful	1,200.54	1,397.11
Less: Provision for doubtful receivables	(1,200.54)	(1,397.11)
	<b>876.40</b>	<b>872.49</b>
b) Other receivable, considered good	8,534.63	4,869.41
	<b>9,411.03</b>	<b>5,741.90</b>

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ In Lacs

	NON CURRENT		CURRENT	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 19</b>				
<b>CASH AND BANK BALANCES</b>				
Cash in hand	-	-	37.84	42.69
Balance with banks - Current account	-	-	1,764.96	2,477.97
- Deposit account (Original maturity of less than three months)	-	-	425.32	-
Unclaimed dividend accounts	-	-	139.28	53.34
	-	-	<b>2,367.40</b>	<b>2,574.00</b>
<b>Other bank balances</b>				
Deposit account (Original maturity of more than three months)	-	-	273.63	572.03
Deposits with original maturity for more than 12 months*	93.87	250.93	3,745.69	4,523.70
Amount disclosed under 'other assets' (Note 15)	(93.87)	(250.93)	(266.88)	(207.04)
	-	-	<b>3,752.44</b>	<b>4,888.69</b>
	-	-	<b>6,119.84</b>	<b>7,462.69</b>

\* Includes deposits provided as securities against bank guarantees, debenture redemption reserves, performance guarantee, margin money and earnest money deposits in relation to tenders from railway authorities ₹ 3,206.04 (2015 - ₹ 2,847.17)

	2015-16	2014-15
<b>NOTE 20</b>		
<b>OTHER OPERATING INCOME</b>		
Export incentives	22.10	25.92
Agricultural Income	6.05	4.28
Sale of scrap	35.04	13.30
Liabilities no longer required written back (net)	-	389.17
Differential Tariff towards power and fuel expenses of earlier years	-	400.31
Others	120.20	121.05
	<b>183.39</b>	<b>954.03</b>

	2015-16	2014-15
<b>NOTE 21</b>		
<b>OTHER INCOME</b>		
Lease rent income	8.52	8.29
Profit on sale of current investments	934.71	500.93
Profit on sale of fixed assets	48.90	16.17
Foreign exchange fluctuation gain (net)	14.47	13.51
Miscellaneous income	18.85	23.55
	<b>1,025.45</b>	<b>562.45</b>

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ In Lacs

	2015-16	2014-15
<b>NOTE 22</b>		
<b>COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>		
Opening stock	5,238.99	4,437.77
Add: Cost of purchases	49,458.10	47,577.56
	<b>54,697.09</b>	<b>52,015.33</b>
Less: Closing stock	5,034.18	5,238.99
	<b>49,662.91</b>	<b>46,776.34</b>
	2015-16	2014-15
<b>NOTE 23</b>		
<b>(INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND TRADED GOODS</b>		
<b>Closing stock</b>		
Finished goods	8,089.44	7,395.12
Traded Goods	3,154.31	4,113.09
Work in progress	1,547.72	1,371.28
	<b>12,791.47</b>	<b>12,879.49</b>
<b>Opening stock</b>		
Finished goods	7,395.12	6,158.76
Traded Goods	4,113.09	4,889.20
Work in progress	1,371.28	1,407.19
	<b>12,879.49</b>	<b>12,455.15</b>
<b>Sub-total (A)</b>	<b>88.02</b>	<b>(424.34)</b>
<b>(Increase)/ decrease in excise duty</b>		
Excise duty on closing stock	175.78	148.50
Excise duty on opening stock	148.50	240.11
<b>Sub-total (B)</b>	<b>(27.28)</b>	<b>91.61</b>
<b>Total (A-B)</b>	<b>115.30</b>	<b>(515.95)</b>
	2015-16	2014-15
<b>NOTE 24</b>		
<b>EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages and bonus	12,607.38	11,487.74
Contribution to provident and other funds (Note 28)	876.15	765.70
Gratuity (Note 28)	446.71	434.42
Staff welfare expenses	702.24	731.03
Directors' remuneration	807.20	801.94
Commission to directors	799.97	594.10
Field staff incentives	370.57	211.21
<b>Sub-total (A)</b>	<b>16,610.22</b>	<b>15,026.14</b>
Employee stock option expenses (Note 36)	1,750.26	2,871.13
<b>Sub-total (B)</b>	<b>1,750.26</b>	<b>2,871.13</b>
<b>Total (A+B)</b>	<b>18,360.48</b>	<b>17,897.27</b>

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ In Lacs

	2015-16	2014-15
<b>NOTE 25</b>		
<b>OTHER EXPENSES</b>		
Conversion charges	863.74	163.74
Power and fuel expenses	2,650.32	2,922.45
Rent	2,034.99	1,886.77
Insurance	102.88	68.98
Repairs and maintenance		
- Building	124.23	188.08
- Plant and machinery	293.10	326.99
- Others	274.40	228.82
Consumption of stores and spares	733.15	626.31
Research and development	150.35	52.50
Excise duty on captive consumption	710.45	617.29
Printing and stationery	98.33	77.72
Communication costs	349.93	322.40
Legal and professional fees	1,231.46	1,141.16
Rates and taxes	630.20	542.95
Directors' sitting fees	7.70	5.60
Vehicle maintenance	344.12	368.78
Donation	6.61	15.39
Loss on fixed assets discarded	115.08	134.14
Provision for doubtful debts	23.91	123.25
Bad debt written off	-	6.96
Provision for doubtful advances	70.00	14.43
Advertisement and Sales Promotion expense	20,156.20	18,096.58
Freight, handling and forwarding charges	9,580.79	8,693.25
Field staff expenses	1,411.41	1,225.71
Travelling and conveyance	410.31	389.09
Royalty	288.33	245.31
Corporate social responsibility expenses (Note 31)	234.84	121.33
Miscellaneous expenses	1,477.12	933.12
	<b>44,373.95</b>	<b>39,539.10</b>

	2015-16	2014-15
<b>NOTE 26</b>		
<b>FINANCE COST</b>		
Interest on term loan and bank overdraft	126.75	164.91
Interest on debentures	448.10	1,139.75
Other borrowing cost	28.45	72.10
	<b>603.30</b>	<b>1,376.76</b>

	2015-16	2014-15
<b>NOTE 27</b>		
<b>INTEREST INCOME</b>		
Interest on fixed deposit	426.39	382.38
Interest on inter-corporate deposit	-	42.45
Interest on others	8.28	4.83
	<b>434.67</b>	<b>429.66</b>

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ In Lacs

### NOTE 28 - EMPLOYEE BENEFIT

#### (i) Defined Benefit Plans -

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

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

	2015-16	2014-15
	Gratuity	Gratuity
	<b>Funded, except for certain subsidiaries where it is non funded</b>	
<b>(A) Summary of the Actuarial Assumptions</b>		
Mortality	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Discount rate	7.80%	7.80%
Rate of increase in compensation	8.00%	8.00%
Withdrawal rates	1%-10%	1%-10%
Rate of return (expected) on plan assets	8.00%-8.50%	8.75%-9.00%
The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
The overall expected rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.		
<b>(B) Changes in present value of obligations (PVO)</b>		
PVO at beginning of period	2,021.86	1,701.82
Interest cost	158.51	154.94
Current Service Cost	202.24	209.24
Benefits Paid	(334.71)	(129.81)
Actuarial (gain) / loss on obligation	113.34	85.67
PVO at end of period	2,161.24	2,021.86
<b>(C) Changes in fair value of plan assets</b>		
Fair value of plan assets at the beginning of period	640.99	638.62
Adjustment to Opening Fair Value of plan assets	-	(18.78)
Expected return on plan assets	56.43	54.55
Contributions	7.99	119.39
Benefit paid	(307.42)	(116.99)
Actuarial gain / (loss) on plan assets	(26.87)	(35.80)
Fair value of plan assets at end of period	371.12	640.99
<b>(D) Net Assets/(Liabilities) recognised in the balance sheet</b>		
PVO at end of period	(2,161.24)	(2,021.86)
Fair value of plan assets at end of period	371.12	640.99
Funded status (deficit in fair value of plan assets over PVO)	(1,790.12)	(1,380.87)
Net assets / (Liability) recognised in the balance sheet	(1,790.12)	(1,380.87)
<b>(E) Expenses recognised in the statement of profit and loss</b>		
Current service cost	202.24	209.24
Interest cost	158.51	154.94
Expected return on plan assets	(56.43)	(54.55)
Net Actuarial (Gain)/Loss recognised for the period	140.21	121.47
Gratuity borne by the Company	2.18	3.32
Expense recognised in the statement of profit and loss	446.71	434.42
<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	100.00%	100.00%

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ in Lacs

### NOTE 28 - EMPLOYEE BENEFIT (contd.)

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

	April to March 16	April to March 15	April to March 14	April to March 13	April to March 12
Defined benefit obligation	2,161.24	2,021.86	1,701.82	1,642.97	1,500.66
Plan assets	371.12	640.99	638.62	636.02	677.25
Surplus/ (Deficit)	1,790.12	1,380.87	1,063.20	1,006.95	823.41
Experience adjustments on plan liabilities	113.34	85.67	43.21	14.44	58.92
Experience adjustments on plan assets	(26.87)	(35.80)	2.44	1.28	(39.70)

(H) The Group expects to contribute ₹ 300.00 (2015 - ₹ Nil) to gratuity fund and ₹ 35.53 (2015 - ₹ 34.63) to Superannuation fund in the next year.

### (ii) Defined Contribution Plans -

Amount of ₹ 973.35 (2015 - ₹ 870.64) is recognised as an expense and included in Note 24 in the Statement of Profit and Loss.

### NOTE - 29 SEGMENT REPORTING

#### Business segments:

The primary segment of the Group has been determined on the basis of business segment. The Group is organized into four business segments - Soaps and Detergents, Home Care, Laundry services and Others. Segments have been identified taking into account the nature of the products and services, the differing risks and returns, the organization structure and the internal reporting system.

Soaps and Detergents includes fabric whiteners, fabric detergents, dishwash bar and soaps including ayurvedic soaps. Home Care products include incense sticks, dhoop, mosquito repellents and scrubber. Laundry services include dry-cleaning & providing linen on rental. Others includes Body care, Tea and coffee.

#### Secondary segment:

The Group mainly caters to the needs of the domestic market. The export turnover is not significant in the context of total turnover.

#### Segment revenue and result:

The income/ expense that are not directly attributable to the business segments are shown as unallocated corporate costs.

#### Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets. Assets at corporate level are not allocable to segments on a reasonable basis and thus the same have not been allocated.

Segment liabilities include all operating liabilities and consist principally of creditors and accrued liability.



# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ in Lacs

### NOTE - 29 SEGMENT REPORTING (contd.)

#### Information about Business Segments

	Soaps and Detergents		Home care		Laundry Services		Others		Eliminations		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Revenue</b>												
External Revenue	119,951.83	111,793.87	38,597.56	32,712.00	4,305.94	4,205.02	1,618.00	1,818.58	-	-	164,473.33	150,529.47
Inter Segment Revenue	35.39	-	144.44	517.69	-	-	-	-	(179.83)	(517.69)	-	-
<b>Net Revenue</b>	<b>119,987.22</b>	<b>111,793.87</b>	<b>38,742.00</b>	<b>33,229.69</b>	<b>4,305.94</b>	<b>4,205.02</b>	<b>1,618.00</b>	<b>1,818.58</b>	<b>(179.83)</b>	<b>(517.69)</b>	<b>164,473.33</b>	<b>150,529.47</b>
Segment results	19,410.89	14,771.34	2,186.28	822.48	(1,454.13)	(1,307.03)	231.10	264.89	-	-	20,374.14	14,551.68
Unallocated expenditure											(1,504.09)	(1,531.81)
Unallocated income											1,459.49	1,018.75
Interest & finance expenses											(603.30)	(1,376.76)
<b>Profit before exceptional items, prior period items and tax</b>											<b>19,726.24</b>	<b>12,661.86</b>
Exceptional Items											-	209.18
<b>Profit before prior period items and tax</b>											<b>19,726.24</b>	<b>12,452.68</b>
Tax Expense											(3,930.49)	(354.25)
<b>Profit after tax before Minority Interest</b>											<b>15,795.75</b>	<b>12,098.43</b>
Minority Interest (share of loss)											0.29	13.96
<b>Profit after tax after Minority Interest</b>											<b>15,796.04</b>	<b>12,112.39</b>
<b>Other Information</b>												
Segment assets	40,087.14	38,119.24	15,895.10	13,562.87	7,099.91	7,679.47	645.70	537.41	-	-	63,727.85	59,898.99
Unallocated assets											112,996.85	121,773.50
<b>Total assets</b>											<b>176,724.70</b>	<b>181,672.49</b>
Segment liabilities	14,935.88	13,085.86	7,397.67	5,088.34	689.05	797.88	174.33	97.64	-	-	23,196.93	19,069.72
Unallocated liabilities											68,744.37	84,493.06
<b>Total liabilities (excluding minority interest)</b>											<b>91,941.30</b>	<b>103,562.78</b>
Segment Capital expenditure (including capital work in progress)	1,054.17	1,060.45	291.36	425.78	105.67	1,150.64	166.97	-	-	-	1,618.17	2,636.87
Unallocated capital expenditure (including capital work in progress)											305.91	351.57
<b>Total capital expenditure (including capital work in progress and excluding the Goodwill on consolidation)</b>											<b>1,924.08</b>	<b>2,988.44</b>
Segment depreciation and amortisation	1,654.49	1,778.93	363.13	459.55	783.35	622.92	1.65	-	-	-	2,802.62	2,861.41
Unallocated depreciation and amortisation											337.53	393.14
<b>Total depreciation and amortisation</b>											<b>3,140.15</b>	<b>3,254.55</b>
Segment non cash expenses other than depreciation											142.96	278.11
Unallocated non cash expenses other than depreciation	83.91	151.16	19.52	29.29	39.53	97.19	-	0.47	-	-	70.70	0.67
<b>Total non cash expenses other than depreciation</b>											<b>213.66</b>	<b>278.78</b>

#### Information about geographical segment :

	2015-16		2014-15	
	India	Outside India	India	Outside India
1. Segment Revenue	160,282.96	4,190.37	146,852.55	3,676.92
2. Segment Assets	176,013.84	710.86	180,969.31	703.18
3. Capital Expenditure	1,924.08	-	2,983.87	4.57

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ In Lacs

### NOTE 30 - RELATED PARTY DISCLOSURES

#### a) Parties where control exists

##### Individual having control

M.P. Ramachandran

Chairman and Managing Director

As the Managing Director of the Company is an individual having control and hence not separately disclosed as a key management personnel

#### b) Related party relationships where transactions have taken place during the year

##### Firm / HUF in which the relatives of individual having control are partners / members / proprietor

Quilon Trading Co.

M.P. Divakaran - H.U.F.

M.P. Sidharthan - H.U.F.

##### Relative of individual having control

M.P. Sidharthan

M.R. Jyothy

M.R. Deepthi

Ananth Rao T

Ravi Razdan

M.P. Divakaran

##### Enterprises significantly influenced by key management personnel or their relatives

Sahyadri Agencies Ltd.

##### Key management personnel

K. Ullas Kamath

S. Raghunandan

Joint Managing Director &amp; CFO

Whole Time Director &amp; CEO

##### Additional related party as per Companies Act, 2013

M.L. Bansal

Company Secretary

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

	2015-16	2014-15
<b>Individual having control</b>		
Remuneration*	0.00	0.00
Commission	421.03	312.69
Dividend	5,768.96	1,442.24
Rent Paid - Quilon Trading Company	1.20	1.20
Dividend (M.P. Divakaran - H.U.F. and M.P. Sidharthan - H.U.F.)	257.92	64.48
Dividend (Sahyadri Agencies Ltd.)	1,200.00	300.00
Assignment of Receivables (Sahyadri Agencies Ltd.)	-	1,478.00
<b>Relatives of individuals having control</b>		
Remuneration*		
M R Jyothy (Director)	102.48	96.32
M P Sidharthan	24.00	24.00
M R Deepthy	37.51	27.60
Ananth Rao T	45.03	34.74
Ravi Razdan	37.51	27.60
M. P. Divakaran	24.00	24.00
Dividend	2,327.52	581.97
Contribution to Superannuation fund		
M R Jyothy	-	0.90
M R Deepthi	-	2.40
Ravi Razdan	-	2.40
<b>Key management personnel</b>		
Remuneration*#	727.69	721.09
Commission	378.93	281.42
Dividend	131.75	32.94
Contribution to Superannuation fund	21.60	28.20

\* As the future liabilities for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

# The Company has accrued ₹ 1,544.53 in respect of employee stock options granted to whole time director and CEO. The same has not been considered as managerial remuneration of the current year as defined under Section 2(78) of the Companies Act, 2013 as the options have not been exercised.

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ in Lacs

### d) Related party balances

	2015-16	2014-15
<b>Amounts payable</b>		
<b>Trade payables :</b>		
Individual having control	421.03	312.69
Key management personnel	378.93	281.42

### NOTE 31 - EXPENDITURE RELATED TO CORPORATE SOCIAL RESPONSIBILITY AS PER SECTION 135 OF THE COMPANIES ACT, 2013 READ WITH SCHEDULE VII IS AS GIVEN BELOW:

Particulars	2015-16	2014-15
Promoting preventing health care and sanitation	44.28	91.44
Contribution to Prime Ministers National Relief Fund	-	19.86
Promotion of Education	5.00	-
Rural/ slum area development	185.56	10.03
<b>Total</b>	<b>234.84</b>	<b>121.33</b>
Gross amount required to be spent during the year	195.30	166.92

### NOTE 32 - UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars	Foreign Currency	2015-16		2014-15	
		₹ in Lacs	Amount in Foreign Currency	₹ in Lacs	Amount in Foreign Currency
Trade Receivable	USD	178.24	268,709	100.39	160,385
Trade Payable	USD	132.42	199,636	57.60	92,020
Trade Payables	Euro	39.88	53,100	71.70	106,200

### NOTE 33 - OPERATING LEASES

#### In case of assets taken on lease

The Group has entered into Lease agreements for premises, which expire at various dates over the next five years. Certain agreements provide for increase in rent. All lease agreements are cancellable except in case of few agreements wherein there is a lock in period in the range of 11 months to 3 years. Lease rental expense for the year ended March 31, 2016 was ₹ 2,034.99 (2015 - ₹ 1,886.77). There are no restrictions imposed by lease arrangements. There are no subleases.

	2015-16	2014-15
<b>Future lease payment under non - cancellable operating leases are as follows:</b>		
Payable not later than one year	329.50	167.93
Payable later than one year and not later than five years	718.10	57.54
Payable later than five years	104.51	-
	<b>1,152.11</b>	<b>225.47</b>

#### In case of assets given on lease

The Company has leased out few of its premises on operating lease. The gross carrying amount and accumulated depreciation as at March 31, 2016 is ₹ 54.95 and ₹ 8.78 (2015 - ₹ 54.95 and ₹ 7.86) respectively. Lease rent income for the year ended March 31, 2016 was ₹ 8.52 (2015 - ₹ 8.29). There is no escalation clause in the lease agreement and the lease is cancellable in nature. There are no restrictions imposed by lease arrangements.

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ in Lacs

### NOTE 34 - CONTINGENT LIABILITIES

	2016	2015
Based on management's evaluation following contingent liabilities is not probable and hence not provided by the Group in respect of:		
(i) Amount outstanding in respect of corporate and other bank guarantees	-	-
(ii) Tax matters		
(a) Disputed sales tax demands – matters under appeal	2,429.72	2,329.45
(b) Disputed excise duty and service tax demand - matter under appeal	4,059.59	3,103.15
(c) Disputed income tax demand - matter under appeal*	6,733.15	3,741.60
(iii) Other statutory dues	4.94	8.88

\* The amount shown above does not include contingent liability for assessment years which have been reopened (unless demand order is raised) and those pending assessments.

### NOTE - 35 - CAPITAL COMMITMENTS (NET OF ADVANCES)

	2016	2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,065.67	508.89
	<b>1,065.67</b>	<b>508.89</b>

### NOTE 36 - EMPLOYEE STOCK OPTION PLANS ('ESOP')

On August 16, 2014 the Remuneration and Compensation Committee of the Board of Directors of the Company approved the Employee Stock Option Scheme 2014 ("ESOS-2014") for issue of stock options to the key employees and Employee Stock Option Scheme 2014-A ("ESOS- 2014-A") for issue of stock options to Whole Time Director & CEO of the Company. According to the scheme, whole time Director and CEO and eligible employees selected by the Remuneration and Compensation Committee will be entitled to options from time to time, subject to satisfaction of prescribed vesting conditions. The relevant terms of the grant are as below : -

Particulars	("ESOS -2014")	("ESOS -2014")	("ESOS -2014 - A")
	Grant – I	Grant – II	
Date of Grant	August 16, 2014	January 27, 2015	August 16, 2014
Number of options granted	503,445	34,507	2,715,352
Vesting period	33% - Year 1	33% - Year 1	66.67% - Year 1
	33% - Year 2	33% - Year 2	16.67% - Year 2
	34% - Year 3	34% - Year 3	16.66% - Year 3
Exercise period	5 years from the respective dates of vesting		
Exercise Price - Per share	₹ 1	₹ 1	₹ 1
Market price at grant date - Per share	₹ 188.70	₹ 289.80	₹ 188.70

The details of the activity under the above schemes are summarised as below;

Particulars	("ESOS -2014")	("ESOS -2014")	("ESOS -2014 - A")
	Grant – I	Grant – II	
Outstanding at April 1, 2014	-	-	-
Granted during 2014-15	503,445	34,507	2,715,352
Cancelled during 2014-15	52,994	-	-
Exercised during 2014-15	-	-	-
Outstanding at March 31, 2015	450,451	34,507	2,715,352
Exercisable at March 31, 2015	450,451	34,507	2,715,352
Outstanding at April 1, 2015	450,451	34,507	2,715,352
Granted during 2015-16	-	-	-
Cancelled during 2015-16	87,970	34,507	452,559
Exercised during 2015-16	96,184	-	-
Outstanding at March 31, 2016	266,297	-	2,262,793
Exercisable at March 31, 2016	266,297	-	2,262,793

For option exercised during the period, The weighted average share price at the exercise date was ₹ 297.44 per share (2015 - not applicable since no option exercise)

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ in Lacs

No new stock option have been granted by the company in the current year

The Black Scholes valuation model has been used for computing the weighted average fair value of the stock granted considering the following inputs for the year ended March 31, 2016 and March 31, 2015 :-

Variables	("ESOS -2014")- Grant – I		
	Vest 1	Vest 2	Vest 3
	August 16, 2015	August 16, 2016	August 16, 2017
Volatility	36.19%	37.32%	40.33%
Riskfree Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Time To Maturity (In Years)	3.50	4.50	5.50
Dividend yield	1.59%	1.59%	1.59%
<b>Weighted average fair Value of per stock option granted (₹)</b>	<b>174.98</b>		

Variables	("ESOS -2014 - A")		
	Vest 1	Vest 2	Vest 3
	August 16, 2015	August 16, 2016	August 16, 2017
Volatility	36.19%	37.32%	40.33%
Risk free Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Time To Maturity (In Years)	3.50	4.50	5.50
Dividend yield	1.59%	1.59%	1.59%
<b>Weighted average fair Value of per stock option granted (₹)</b>	<b>176.38</b>		

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

The Company measures the cost of ESOP using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts as indicated below:

	As at March 31, 2016	As at March 31, 2015
Profit after tax as reported	16,235.96	14,278.95
Add: ESOP cost using the intrinsic value method	1,750.26	2,871.13
Less: ESOP cost using the fair value method	(1,636.78)	(2,661.17)
Proforma profit after tax	16,349.44	14,488.91
<b>Earnings Per Share</b>	₹	₹
<b>Basic</b>		
- As reported	8.97	7.89
- Proforma	9.03	8.00
<b>Diluted</b>		
- As reported	8.84	7.83
- Proforma	8.91	7.95

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ in Lacs

### NOTE 37: INFORMATION REQUIRED FOR CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO SCHEDULE III OF COMPANIES ACT, 2013

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

Particulars	31-Mar-16				31-Mar-15			
	Net Assets, i.e. Total Asset minus Total Liabilities		Share in profit and loss		Net Assets, i.e. Total Asset minus Total Liabilities		Share in profit and loss	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated profit or loss	Amount
<b>Parent</b>								
Jyothy Laboratories Limited	142.40%	1,20,500.00	131.81%	20,820.56	139.70%	1,08,919.04	154.40%	18,701.29
<b>Subsidiaries</b>								
<b>Indian</b>								
Jyothy Consumer Products Marketing Limited	(54.15%)	(45,817.88)	(22.85%)	(3,609.11)	(54.14%)	(42,208.76)	(36.94%)	(4,473.78)
Jyothy Fabricare Services Limited	10.68%	9,032.62	(8.72%)	(1,378.17)	13.40%	10,448.33	(17.73%)	(2,148.06)
Snoways Laundrers & Drycleaners Private Limited	0.23%	190.43	0.00%	(0.55)	0.24%	190.98	0.00%	(0.01)
Four Seasons Drycleaning Company Private Limited	(0.12%)	(99.89)	(0.25%)	(38.72)	(0.08%)	(61.17)	(0.42%)	(51.31)
M/s JFSL JLL JV (Partnership Firm)	0.38%	321.35	(0.30%)	(46.85)	0.41%	318.20	0.90%	108.67
<b>Foreign</b>								
Jyothy Kallol Bangladesh Limited	0.78%	656.77	0.31%	48.59	0.65%	503.09	(0.33%)	(38.37)
<b>Minority interest</b>	(0.20%)	(169.74)	0.00%	0.29	(0.18%)	(143.74)	0.12%	13.96
<b>GRAND TOTAL</b>	<b>100.00%</b>	<b>84,613.66</b>	<b>100.00%</b>	<b>15,796.04</b>	<b>100.00%</b>	<b>77,965.97</b>	<b>100.00%</b>	<b>12,112.39</b>

Net assets and share of profits and losses reported in the above table have been considered from the respective audited financial statements after making necessary changes for consolidation adjustments having impact on the consolidated net assets and net profits.

### NOTE - 38

As per the Notification no. 32/99-CE dated July 8, 1999, the Company was entitled to refund of excise duty in Guwahati and Jammu units equivalent to 100% of the amount of the duty paid through Personal Ledger Account ('PLA'). During an earlier year, the Government issued notifications no. 17/2008-CE and 19/2008-CE dated March 27, 2008 restricting the refund amount to a maximum percentage specified in the notification. The Company has received a favourable order from the High Court of Guwahati & Jammu and Kashmir in earlier years. Accordingly, the Company has accrued an additional benefit of ₹ 940.48 (2015 - ₹ 907.06) in the current year.

### NOTE - 39

The Company has entered into an option agreement dated May 5, 2011 with Henkel AG & Co. KGaA (Henkel AG) whereby the Company has granted Henkel AG a firm and irrevocable option, at its sole discretion at any time after the beginning of the fifth year and ending upon the expiry of the sixth year of the said agreement or such other mutually extended period, to acquire a maximum of 26% of the issued equity share capital of the Company at a price which will be mutually determined by the parties at a later date.

### NOTE 40

At its meeting held on May 23, 2016 the Board of Directors have approved the scheme of amalgamation of Jyothy Consumer Products Marketing Limited (wholly owned subsidiary) with the Company on May 23, 2016. The appointed date under the scheme will be April 1, 2016.

# NOTES

## to the Consolidated Financial Statements for the year ended March 31, 2016

₹ in Lacs

### NOTE 41 - EARNINGS PER SHARE

	2016	2015
Net Profit for calculation of basic and diluted EPS	15,796.04	12,112.39
Weighted average number of shares for calculation of basic EPS	181,077,764	181,023,496
<b>Effect of dilution :</b>		
Stock option granted under ESOP	2,506,850	1,224,545
Weighted average number of shares for calculation of diluted EPS	183,584,614	182,248,041
Basic EPS (₹)	8.72	6.69
Diluted EPS (₹)	8.60	6.65

### NOTE 42 - EXCEPTIONAL ITEM

Exceptional item relates additional payment towards retrenchment of employees for the Kandanaserry unit in previous year.

### NOTE 43 - MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ('MSMED')

The disclosure pursuant to the said Act is as under :

	2016	2015
Principal amount due to suppliers under MSMED Act	4,718.54	3,741.78
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	4.97	4.31
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	4.97	4.31

### NOTE 44 - PREVIOUS YEAR FIGURES

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

#### Signatures to Notes 1 to 44

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No. 324982E/ E300003

per **Vikram Mehta**

Partner

Membership No.: 105938

Place: Mumbai

Date: May 23, 2016

For and on behalf of the Board of Directors of

**Jyothy Laboratories Limited**

**M.P. Ramachandran**

Chairman and Managing Director

DIN: 00553406

**M.L. Bansal**

Company Secretary

Membership No.: F2297

Place: Mumbai

Date: May 23, 2016

**K.Ullas Kamath**

Joint Managing Director and Chief Financial Officer

DIN: 00506681

**S.Raghunandan**

Whole Time Director and Chief Executive Officer

DIN: 02263845





## NOTES

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