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to the standalone financial statements for the year ended March 31, 2020

NOTE 1 CORPORATE INFORMATION

Jyothy Labs Limited (formerly known as Jyothy Laboratories Limited) ('the Company') is a public company domiciled in India. Its shares are listed on two stock exchanges in India. The registered office of the company is located at Ujala House, Ramakrishna Mandir Road, Kondivita, Andheri (E) Mumbai. The Company is principally engaged in manufacturing and marketing of fabric care, dishwashing, personal care and household insecticides products. These Financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors on June 05, 2020

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

2.2 Summary of significant accounting policies

a. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when :

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

The Company classifies all other liabilities as non-current.

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

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

b. Foreign currencies

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

Transactions and balances

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

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

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

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

c. Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Company.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole :

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

d. Revenue recognition

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

However Goods and Service tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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

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Sale of goods

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

Interest income

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

e. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. By equal annual instalments.

f. Taxes

Current income tax

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

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

Deferred tax

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

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

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

  Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable

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that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except :

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

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

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

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

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

Goods and service tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of Goods and service taxes paid, except:

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

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

g. Property, plant and equipment

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

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

Category	Estimated useful life (in years)
Factory Buildings	10 to 30
Building (Other than Factory Building)	30 to 60
Building (Fences and temporary structure)	3 to 6
Plant and machinery	13 to 15
Furniture and fixtures	5 to 10
Dies and moulds	3
Computers	3 to 6
Office equipment's	5
Vehicles	6 to 10

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

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

h. Intangible assets

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

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

Category	Estimated useful life (in years)
Trademarks and Copyrights	9-10
Brands	10
Software and Licences	10

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

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

Goodwill

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

i. Borrowing costs

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

j. Leases

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

The Company applies a single recognition and measurement approach for all leases, The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low

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value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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

Right of use assets: refer note 3c

Lease Liabilities: refer note 35b

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

The lease liabilities were discounted using the incremental borrowing rate (same as company average borrowing rate) of the Company as at April 1, 2019. The weighted average discount rate used for recognition of lease liabilities was 9%.

- **Leases previously classified as finance leases**

  The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from April 1, 2019.

Leases previously accounted for as operating leases

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

The Company also applied the available practical expedients wherein it:

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

i) Right-of-use assets

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

- Building 3 to 15 years
- Land 60 to 999 years

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

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

ii) Lease liabilities

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

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

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

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

Company as a lessor

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

k. Inventories

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

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

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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

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l. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually on reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

m. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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n. Retirement and other employee benefits

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

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

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

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

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

Short-term employee benefits

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

Other Long-term employee benefits

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

Re-measurement are recognised in profit or loss in the period in which they arise including actuarial gains and losses.

o. Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity- settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in employee stock option outstanding in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the

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vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

p. Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

1 Debt instruments at amortised cost

2 Debt instruments at fair value through other comprehensive income (FVTOCI)

3 Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

4 Equity instruments measured at fair value through other comprehensive income (FVTOCI)

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

Debt instruments at amortised cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL and are measured at fair value with all changes recognised in the profit or loss. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) The Company has transferred substantially all the risks and rewards of the asset, or
  - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of financial assets

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

Notes

to the standalone financial statements for the year ended March 31, 2020

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

Subsequent measurement

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

Loans and borrowings

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

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

This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

The Company does not have any financial liabilities at fair value through profit or loss.

Derecognition

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

Notes

to the standalone financial statements for the year ended March 31, 2020

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

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

q. Trade Receivables

Trade receivables do not include uncollected debts which have been factored as the contractual term specifies that these debts are factored without recourse.

r. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

s. Cash dividend to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.3 Recent Indian Accounting Standards (Ind AS)

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

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 3A PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land @	Leasehold land	Building # @	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total tangible assets
Cost									
As at April 1, 2018	**4,578.82**	**237.24**	**12,990.41**	**12,244.86**	**882.90**	**435.98**	**613.96**	**626.26**	**32,610.43**
Additions	5.36	-	418.84	3,113.86	384.29	34.84	84.78	105.65	4,147.62
Disposals	-	-	10.98	571.75	45.65	0.83	2.35	4.49	636.05
As at March 31, 2019	**4,584.18**	**237.24**	**13,398.27**	**14,786.97**	**1,221.54**	**469.99**	**696.39**	**727.42**	**36,122.00**
Additions	-	-	499.24	1,716.36	493.47	170.36	132.56	8.79	3,020.78
Disposals	-	-	-	128.34	7.81	0.25	2.01	7.03	145.44
Reclassified on account of adoption of Ind AS 116 (note 2.2 (j))	-	237.24	-	-	-	-	-	-	237.24
As at March 31, 2020	**4,584.18**	**-**	**13,897.51**	**16,374.99**	**1,707.20**	**640.10**	**826.94**	**729.18**	**38,760.10**
Depreciation and impairment									
As at April 1, 2018	**-**	**11.24**	**1,605.81**	**3,966.66**	**335.89**	**219.95**	**326.33**	**262.78**	**6,728.66**
Depreciation charge for the year	-	3.74	660.59	1,635.93	162.98	44.23	111.46	83.63	2,702.56
Disposals	-	-	9.47	399.57	45.54	0.81	0.98	3.82	460.19
As at March 31, 2019	**-**	**14.98**	**2,256.93**	**5,203.02**	**453.33**	**263.37**	**436.81**	**342.59**	**8,971.03**
Depreciation charge for the year	-	-	673.74	1,609.70	337.92	54.72	130.73	80.71	2,887.52
Disposals	-	-	-	68.53	5.70	0.25	1.94	5.92	82.34
Reclassified on account of adoption of Ind AS 116 (note 2.2 (j))	-	14.98	-	-	-	-	-	-	14.98
As at March 31, 2020	**-**	**-**	**2,930.67**	**6,744.19**	**785.55**	**317.84**	**565.60**	**417.38**	**11,761.23**
Net book value									
As at March 31, 2020	**4,584.18**	**0.00**	**10,966.84**	**9,630.80**	**921.65**	**322.26**	**261.34**	**311.80**	**26,998.87**
As at March 31, 2019	**4,584.18**	**222.26**	**11,141.34**	**9,583.95**	**768.21**	**206.62**	**259.58**	**384.83**	**27,150.97**

@ Freehold land and building includes asset which are not transferred in the name of the company amounting to ₹ 689.36 (2019 - ₹ 678.01) in Gross block.

These are held in the name of the entities which have been merged with the company in earlier years.

 # Includes ₹ 374.31 (2019 -₹ 374.31) represented by unquoted fully paid shares at cost in various co-operative societies.

a. The Company has not capitalised any borrowing cost in the current and previous year.

b. Refer note16 for details of property, plant and equipment pledged as security for loans obtained.

c. Refer note 35 for details of assets given on lease.

NOTE 3B CAPITAL WORK IN PROGRESS

Capital work in progress as at March 31, 2020 is ₹ 2,374.27 (March 31, 2019 ₹ 1,415.85).

For contractual commitment with respect to property, plant and equipment refer note 36A.

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 3C RIGHT-OF-USE ASSETS

Particulars	Leasehold Land	Building	Total
Cost			
As at April 01, 2019	**-**	**5,023.98**	**5,023.98**
Additions	12.78	819.86	832.64
Disposals	-	-	-
Re-classification of lease hold land (Note 3a)	237.24	-	237.24
As at March 31, 2020	**250.02**	**5,843.84**	**6,093.86**
Depreciation and impairment			
As at April 01, 2019	**-**	**-**	**-**
Depreciation charge for the year	3.74	1,549.71	1,553.45
Disposals	-	-	-
Re-classification of lease hold land (Note 3a)	14.98	-	14.98
As at March 31, 2020	**18.72**	**1,549.71**	**1,568.43**
Net book value			
As at March 31, 2020	**231.30**	**4,294.13**	**4,525.43**
As at March 31, 2019	**-**	**-**	**-**

NOTE 3D INTANGIBLE ASSETS

Particulars	Goodwill	Other intangible assets			Total Other intangible assets
		Brands	Trademarks and Copyrights@	Softwares and Licences	
Cost					
As at April 1, 2018	**10,287.69**	**21,256.20**	**85.48**	**782.38**	**22,124.06**
Additions	-	-	-	47.84	47.84
Disposals	-	-	-	-	-
As at March 31, 2019	**10,287.69**	**21,256.20**	**85.48**	**830.22**	**22,171.90**
Additions	-	-	-	51.59	51.59
Disposals	-	-	-	-	-
As at March 31, 2020	**10,287.69**	**21,256.20**	**85.48**	**881.81**	**22,223.49**
Amortisation and impairment					
As at April 1, 2018	**-**	**9,109.80**	**83.16**	**173.48**	**9,366.44**
Amortisation charge for the year	-	3,036.60	0.05	89.39	3,126.04
Disposals	-	-	-	-	-
As at March 31, 2019	**-**	**12,146.40**	**83.21**	**262.87**	**12,492.48**
Amortisation charge for the year	-	3,036.60	-	95.55	3,132.15
Disposals	-	-	-	-	-
As at March 31, 2020	**-**	**15,183.00**	**83.21**	**358.42**	**15,624.63**
Net book value					
As at March 31, 2020	**10,287.69**	**6,073.20**	**2.27**	**523.39**	**6,598.86**
As at March 31, 2019	**10,287.69**	**9,109.80**	**2.27**	**567.35**	**9,679.42**

@ Includes trademarks and copyrights of ₹ 81.22 (2019 - ₹ 81.22) pending for registration in the name of the Company.

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 3D INTANGIBLE ASSETS (Contd...)

IMPAIRMENT

Goodwill is tested for impairment annually as at March 31st. No impairment charges were identified as at March 31, 2020.

Goodwill of ₹ 10,037.59 relates to the acquisition of erstwhile business of Henkel India Limited. Based on the purchase price allocation at the time of acquisition, brands were identified and recognised in the books and accordingly goodwill was determined. Since it is not practicable to allocate the goodwill to various reportable segments, the recoverable amount has been determined collectively for all brands acquired and compared with the carrying value of goodwill and brands together. Further, an amount of ₹ 250.10 relates to the acquisition of Fabric Care segment and has been entirely allocated to this reportable segment.

Following key assumptions were considered while performing impairment testing : -

Terminal value growth rate	-	5% (2019 - 5%)
Growth rate	-	1% - 12% (2019 - 9% - 17%)
Weighted Average Cost of Capital % (WACC) (Discount rate)	-	13% (2019 - 13%)

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

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

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

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 4 INVESTMENTS

Particulars	NON-CURRENT	
	As at March 31, 2020	As at March 31, 2019
Unquoted (fully paid)		
Investment in subsidiaries (at cost)		
Jyothy Fabricare Services Limited@		
9,800,000 (2019 - 9,800,000 equity shares of ₹ 10 (2019 - ₹ 10) each fully paid up	-	-
3,300,000 (2019 - 3,300,000) compulsory convertible preference shares of ₹ 100 (2019 - ₹ 100) each fully paid up	-	-
Jyothy Kallol Bangladesh Limited^		
8,485,431 (2019 - 8,485,431) equity shares of BDT 10 (2019 - BDT 10) each fully paid up	580.47	580.47
M/s JFSL - JLL (JV) -Partnership Firm (Note 38)	23.27	167.87
Investment in subsidiaries (at fair value through profit and loss)		
Jyothy Fabricare Services Limited #		
7,500,000 (2019- 7,500,000) 2% optionally convertible preference share of ₹ 10 (2019 - ₹ 10) each fully paid up	13,325.00	13,444.00
	13,928.74	**14,192.34**
Investment in Others (at fair value through profit and loss)		
Henkel SPIC Employees Co-operative Thrift and Credit Society Limited*		
2,000(2019 - 2,000) equity shares of ₹ 100 (2019 - ₹ 100)each fully paid up	2.00	2.00
Capexil (Agencies) Ltd*		
5 (2019 -5) equity shares of ₹ 10,000 (2019- ₹ 10,000) each fully paid up	-	-
Madras Industrial Cooperative Analytical Laboratory Limited*		
2 (2019-2) equity shares of ₹ 500 (2019- ₹ 500) each fully paid up	-	-
Investment in Government Securities (at fair value through profit and loss)		
Indira Vikas Patra*	0.02	0.02
National Saving Certificates (Pledged with Government authorities)*	0.57	0.57
	2.59	**2.59**
	13,931.33	**14,194.93**
Aggregate value of unquoted investments	13,931.33	14,194.93

 # Optionally convertible preference shares are considered as financial asset valued through profit or loss as the contractual terms of the asset do not give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

** Investment at fair value through profit or loss reflect investment in unquoted equity securities. Since the amount is not material, the fair value disclosure have not been made. For others, Refer Note 41 and 42.*

@ Jyothy Fabricare Services Limited is incorporated in India. The company is holding 75.1% equity shares as at March 31, 2020 (2019 - 75.1%)

^ Jyothy Kallol Bangladesh Limited is incorporated in Bangladesh. The company is holding 75% equity shares as at March 31, 2020 (2019 - 75%)

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 5 TRADE RECEIVABLES (UNSECURED)

Particulars	CURRENT	
	As at March 31, 2020	As at March 31, 2019
Considered good	11,956.18	14,826.59
Credit impaired	1,003.09	1,020.27
Significant increase in credit risk	171.25	154.07
Less: Loss allowance	(1,174.34)	(1,174.34)
	11,956.18	**14,826.59**

The above balance of trade receivable includes balance receivable from related party.(Refer Note 34)

Trade receivable are non interest bearing and are generally on advance term or for a term of 15-30 days.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer Note 34.

The Company's exposure to credit and currency risk, and loss allowance related to trade receivables are disclose in note 43.

NOTE 6 LOANS (UNSECURED)

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Intercorporate loan				
Loan to JFSL JLL JV*	-	-	670.79	-
Security deposit considered good	919.31	783.41	-	-
	919.31	**783.41**	**670.79**	**-**

**The Company has given loan for short term working capital requirement @12% interest rate per annum. (Refer note 34)*

NOTE 7 OTHER FINANCIAL ASSETS

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Fixed deposit with Banks having remaining maturity of more than 12 months (Note 13(b))	363.48	60.72	-	-
Investment Subsidy Receivable	-	-	265.67	568.51
Staff Loans	-	-	50.15	69.91
	363.48	**60.72**	**315.82**	**638.42**

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

Break up of financial assets carried at amortised cost

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Investment in subsidiaries (at cost) (Note 4)	603.74	748.34	-	-
Trade receivables (Note 5)	-	-	11,956.18	14,826.59
Loans (Note 6)	919.31	783.41	670.79	-
Other financial assets (Note 7)	363.48	60.72	315.82	638.42
Cash and cash equivalent and other bank balances(Note 13(a) and 13(b))	-	-	2,007.15	8,754.21
Total financial assets carried at amortised cost	**1,886.53**	**1,592.47**	**14,949.94**	**24,219.22**

NOTE 8 DEFERRED TAX ASSETS (NET)

Particulars	NON CURRENT	
	As at March 31, 2020	As at March 31, 2019
a) Deferred tax liability		
Depreciation	8,027.97	8,968.93
Right-of-use assets	1,500.54	-
Fair value adjustments	-	4.22
	9,528.51	**8,973.15**
b) Deferred tax assets		
Provision for gratuity	1,435.03	1,150.88
Provision for leave encashment	475.76	417.12
Provision for doubtful debts	410.36	410.36
Provision for doubtful advances	172.92	172.92
Other provisions	721.99	721.99
Differential tax rate (Note 50)	535.04	-
Lease liability	1,602.50	-
Tax credit (MAT)	13,796.90	13,700.85
	19,150.50	**16,574.12**
Net deferred tax assets	**9,621.99**	**7,600.97**

NOTE 9 NON-CURRENT TAX ASSETS (NET)

Particulars	NON CURRENT	
	As at March 31, 2020	As at March 31, 2019
Advance income tax (net of provisions of ₹ 24,674.84 (2019 - ₹ 22,005.90))	992.11	159.80
	992.11	**159.80**

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 10 OTHER ASSETS

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Capital Advances	136.90	258.43	-	-
Advance to suppliers *	494.85	494.85	1,429.36	1,082.04
Balance with government authorities and protest payments	7,656.60	8,976.81	4,613.12	4,252.57
Prepaid Expenses	-	-	609.34	350.27
Other receivables	599.40	599.40	46.82	59.10
Less: Loss allowance	(494.85)	(494.85)	-	-
	8,392.90	**9,834.64**	**6,698.64**	**5,743.98**

** Advances to suppliers amounting to ₹ 494.85 (2019 - ₹ 494.85) which are considered doubtful and fully provided for.*

NOTE 11 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

Particulars	CURRENT	
	As at March 31, 2020	As at March 31, 2019
Raw and packing materials	4,485.21	5,045.85
Work in progress	1,403.20	1,956.21
Finished goods	13,570.50	9,758.46
Stock in trade (including goods in transit ₹ 24.16 (2019- ₹ 278.54))	2,288.86	2,370.23
Stores and spare parts	510.99	440.10
Promotion materials	-	493.04
	22,258.76	**20,063.89**

Inventories are net of provision of ₹ 933.29 (2019 - ₹ 916.13) on account of damage and slow moving inventories. Inventories pledge as a securities for borrowing (Refer Note 16)

NOTE 12 INVESTMENTS

Particulars	CURRENT	
	As at March 31, 2020	As at March 31, 2019
Investment at Fair value through profit and loss		
Axis Liquid Fund - Growth		
Nil (2019 - 4,82,852.834) units of ₹ Nil (2019 - ₹ 1,000) each	-	10,012.07
	-	**10,012.07**
Aggregate book and market value of quoted investments	-	10,012.07

For determination of fair values, refer Note 41

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 13 CASH AND BANK BALANCES

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
(a) Cash and cash equivalents				
Cash in hand	-	-	16.10	12.05
Balance with banks - Current account	-	-	670.05	6,671.80
			686.15	**6,683.85**
(b) Bank balances other than cash and cash equivalents				
Unclaimed dividend accounts	-	-	264.66	160.70
Deposits with original maturity for more than 3 months and maturing within 12 months*	-	-	1,056.34	1,909.66
Deposits with original and remaining maturity for more than 12 months*	363.48	60.72	-	-
Amount disclosed under 'other financial assets' (Note 7)	(363.48)	(60.72)	-	-
	-	-	**1,321.00**	**2,070.36**
	-	-	**2,007.15**	**8,754.21**

** Includes deposits provided as securities against bank guarantees and toward debenture redemption reserves - ₹ 434.61 (2019 - ₹ 1,649.64)*

NOTE 14 SHARE CAPITAL

Particulars	As at March 31, 2020	As at March 31, 2019
AUTHORISED CAPITAL		
2,720,000,000 (2019 - 2,720,000,000) equity shares of ₹ 1 (2019 - ₹ 1) each	27,200.00	27,200.00
30,000 (2019 - 30,000) 11% cumulative preference shares of ₹ 100 (2019 - ₹ 100) each	30.00	30.00
	27,230.00	**27,230.00**

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. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 14 SHARE CAPITAL (Contd...)

a) Reconciliation of the shares outstanding and at the end of the reporting period

Particulars	As at March 30, 2020		As at March 31, 2019	
	No.	Amount	No.	Amount
ISSUED EQUITY CAPITAL				
Equity shares of ₹ 1 each issued, subscribed and fully paid				
At the beginning of the period	36,72,08,644	3,672.09	18,17,94,087	1,817.94
Issued during the year	-	-	18,54,14,557	1,854.15
Outstanding at the end of the period	**36,72,08,644**	**3,672.09**	**36,72,08,644**	**3,672.09**

b) Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 30, 2020		As at March 31, 2019	
	No.	% Holding in the class	No.	% Holding in the class
Equity shares of ₹ 1 each fully paid				
M. P. Ramachandran	14,36,40,871	39.12%	14,36,40,871	39.12%
Sahyadri Agencies Limited	1,45,00,000	3.95%	3,00,00,000	8.17%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

c) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars	As at March 31, 2020 No.	As at March 31, 2019 No.
Equity shares allotted as fully paid bonus shares by capitalization of securities premium (FY 2018 - 2019)	18,17,94,087	18,17,94,087

In addition the company had issued 43,91,061 equity shares 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.

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 15 OTHER EQUITY

A. Other Equity consist of following :

Particulars	As at March 31, 2020	As at March 31, 2019
Retained earnings		
Balance, beginning of the year	24,237.28	2,224.38
Profit for the year	15,769.28	19,317.28
Other Comprehensive Income - Re-measurement gains/ (losses) of post employment benefit obligation	(274.77)	(112.76)
Cash dividend (Note 15(b))	(22,032.52)	(1,817.94)
Dividend distributions tax (DDT) (Note 15(b))	(4,528.85)	(373.68)
Transfer from Debenture Redemption Reserve	-	5,000.00
Net surplus in the statement of profit and loss	**13,170.42**	**24,237.28**
Other Reserves		
Capital Reserve		
Balance, beginning of the year	6,514.46	6,514.46
Balance, end of the year	**6,514.46**	**6,514.46**
Securities premium		
Balance, beginning of the year	50,510.09	49,128.44
Add: Increase on issuance of share capital under ESOP scheme (Note 45)	-	3,199.59
Less: Issue of bonus share	-	(1,817.94)
Balance, end of the year	**50,510.09**	**50,510.09**
Debenture Redemption Reserve (DRR)		
Balance, beginning of the year	-	5,000.00
Less: Amount transferred to retained earning	-	(5,000.00)
Balance, end of the year	**-**	**-**
General reserves		
Balance, beginning of the year	460.67	460.67
Balance, end of the year	**460.67**	**460.67**
Employee stock option outstanding (Note 45)		
Balance, beginning of the year	-	3,199.59
Less: Transfer to securities premium on exercise of stock options	-	(3,199.59)
	-	**-**
	70,655.64	**81,722.50**

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 15 OTHER EQUITY (Contd...)

B. Distribution made and Proposed

Particulars	As at March 31, 2020	As at March 31, 2019
Cash dividend on equity shares declared and paid :		
Final dividend for the year ended March 31, 2019 ₹ 3 per share (2018 ₹ 0.50 per share on the proposed expanded capital base (post bonus))	11,016.26	1,817.94
Dividend distribution tax on final dividend	2,264.43	373.68
Interim dividend for the year ended March 31, 2020 ₹ 3 per share, (2019 - ₹ Nil)	11,016.26	-
Dividend distribution tax on final dividend	2,264.43	-
	26,561.37	**2,191.62**
Proposed dividends on equity shares :		
Final dividend for the year ended March 31, 2020 ₹ Nil per share, (2019 ₹ 3 per share)	-	11,016.26
Dividend distribution tax on final dividend	-	2,264.42
	-	**13,280.68**

NOTE 16 BORROWINGS

Particulars	CURRENT	
	As at March 31, 2020	As at March 31, 2019
Term Loan from Bank (Secured) (Note a below)	7,539.46	10,066.25
Term Loan from Bank (Secured) (Note b below)	3,101.97	3,915.91
Working Capital Loan from Bank (Secured) (Note c below)	7,948.07	7,555.10
Bank overdraft / Cash Credit facility (Secured) (Note c below)	3,504.88	-
	22,094.38	**21,537.26**

Note :

a. The Company had taken secured term loan of ₹ 10,000 lacs at interest which are linked to external bench mark plus spread. The interest rate are in range of 6.00% - 8.00% p.a. payable monthly. These loans are repayable in multiple half yearly instalments every year till February, 2023. The terms of the Loan also has quarterly call / put option. These loans are secured by first pari passu charge on the movable fixed assets and negative lien on fixed assets and second pari passu charge on stock and book debts of the Company.

b. The Company had taken secured term loan of ₹ 4,000 lacs. The interest rate are in range of 8.00% - 9.00% p.a. payable monthly. These loans are repayable in multiple half yearly instalments every year till October, 2023. The terms of the Loan also has quarterly call / put option. These loans are secured by first pari passu charge on the movable fixed assets and negative lien on fixed assets and second pari passu charge on stock and book debts of the Company.

c. The Company had taken secured working capital demand loan / cash credit facility at interest in range of 7.00% - 9.50% p.a for tenor of 1 - 6 months / repayable on demand. These loan are secured by first pari passu charge on stock and book debt and second pari passu charge on the movable fixed assets and negative lien on fixed assets of the Company.

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 17 TRADE PAYABLES

Particulars	CURRENT	
	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises (refer note 37 for details of dues to micro and small enterprises)	1,022.95	3,813.45
Total outstanding dues of creditors other than micro enterprises and small enterprises	11,656.17	13,666.30
	12,679.12	**17,479.75**

NOTE 18 OTHER FINANCIAL LIABILITIES

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial guarantee liabilities	-	-	33.78	78.83
Security deposits	-	-	62.10	20.10
Payable to Employees *	-	-	1,488.72	2,277.99
Payable to bank - Factoring arrangement**	-	-	-	1,055.70
Unclaimed dividend ***	-	-	264.66	160.70
Lease liabilities****	2,900.25	-	1,685.67	-
Deferred payment liability (unsecured)*****	-	-	180.00	180.00
	2,900.25	-	**3,714.93**	**3,773.32**

** Payable to employees includes balance payable to related party (Refer Note 34).*

*** Money received from customer on behalf of bank in respect of factored debts.*

**** There are no amounts payable / due to be credited to Investor Education and Protection Fund.*

*****'For disclosures on lease liabilities refer note 35*

******Deferred payment liability represent amount payable under the memorandum of understanding (MOU) entered into with the DRDE/DRDO of the Ministry of Defence, Government of India for transfer of technology for certain products. These are due for payment as per the Agreement.*

For explanation on the Companies liquidity risk management processes, refer Note 43

Terms and conditions of the above financial liabilities:

1) Trade payables are non-interest bearing and are normally settled on 07-60 days term.
2) Other payable are non interest bearing and are settled within a year.
3) Interest payable is settled as per the term of the borrowings.

Break up of financial liabilities carried at amortised cost

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Borrowings (Note 16)	-	-	22,094.38	21,537.26
Trade payables (Note 17)	-	-	12,679.12	17,479.75
Other financial liabilities (Note 18)	2,900.25	-	3,714.93	3,773.32
Total of financial liabilities carried at amortised cost	**2,900.25**	-	**38,488.43**	**42,790.33**

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 19 OTHER LIABILITIES

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Statutory dues	-	-	1,158.59	1,976.40
Deferred investment subsidy (a)	302.73	353.92	73.76	71.53
Advances from customers	-	-	1,033.79	300.87
Contractual Obligation	-	-	3,047.90	3,419.89
	302.73	**353.92**	**5,314.04**	**5,768.69**

(a) The Company has been awarded grants on account of Central capial investment subsidy (CCIS) of ₹ 568.51 lacs and grants recognised as deferred income, is being amortised over the useful life of the assets in proportion to the usage of the related assets.

NOTE 20 PROVISIONS

Particulars	NON CURRENT		CURRENT	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits				
Provision for leave encashment	1,181.01	1,037.35	180.48	156.33
Provision for gratuity (Note 31(i))	4,106.65	3,293.50	-	-
	5,287.66	**4,330.85**	**180.48**	**156.33**
Other provisions #				
Provision for litigation*	-	-	2,066.13	2,066.13
	5,287.66	**4,330.85**	**2,246.61**	**2,222.46**

* Provision for litigation pertain to various disputed indirect tax matters, timing of outflow is not determinable and will be based on outcome of ongoing litigation.

 # Movements in other provisions

Particulars	CURRENT	
	As at March 31, 2020	As at March 31, 2019
Balance as at 1st April	2,066.13	2,175.59
Arising during the year	-	-
Reversal during the year	-	(109.46)
Balance as at 31st March	**2,066.13**	**2,066.13**

NOTE 21 CURRENT TAX LIABILITIES (NET)

Particulars	CURRENT	
	As at March 31, 2020	As at March 31, 2019
Provision for income tax (net of advance tax of ₹ 4,698.85 (2019 ₹ 4,398.26))	46.13	346.72
	46.13	**346.72**

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 22 REVENUE FROM OPERATIONS

Particulars	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Sale of goods	1,66,392.96	1,76,769.63
	1,66,392.96	**1,76,769.63**
Other operating revenues		
Sale of scrap	144.98	100.41
Others	-	17.34
	144.98	**117.75**
	1,66,537.94	**1,76,887.38**

NOTE 23 OTHER INCOME

Particulars	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Lease rent income (Note 35)	10.25	11.60
Foreign exchange fluctuation gain (net)	-	14.48
Net change in fair value of financial assets measured at FVTPL	-	12.07
Profit on sale of current investments	146.55	159.28
Share of profit in partnership firm	-	31.82
Investment subsidy income	72.22	71.53
Interest on fixed deposit	120.16	290.51
Interest on loan give in partnership firm	11.31	-
Interest on capital invested in partnership firm	10.54	12.99
Interest on Income tax Refund	-	264.72
Interest others	134.89	90.19
Budgetary support benefit under GST	1,464.88	1,746.22
Export incentives	32.51	75.65
Miscellaneous income	1.45	1.92
	2,004.76	**2,782.98**

NOTE 24 COST OF RAW MATERIALS AND COMPONENTS CONSUMED

Particulars	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Inventory at the beginning of the year	5,045.85	4,728.90
Add: Purchases	68,669.68	70,739.52
	73,715.53	**75,468.42**
Less: Inventory at the end of the year	4,485.21	5,045.85
	69,230.32	**70,422.57**

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 25 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS

Particulars	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Closing inventory		
Finished goods	13,570.50	9,758.46
Traded goods	2,288.86	2,370.23
Work in progress	1,403.20	1,956.21
	17,262.56	**14,084.90**
Opening inventory		
Finished goods	9,758.46	8,735.00
Traded goods	2,370.23	2,409.78
Work in progress	1,956.21	1,915.08
	14,084.90	**13,059.86**
Total	**(3,177.66)**	**(1,025.04)**

NOTE 26 EMPLOYEE BENEFITS EXPENSE

Particulars	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Salaries, wages and bonus	16,161.61	14,838.21
Contribution to provident and other funds	1,180.25	1,070.26
Gratuity (Note 31(i))	548.01	516.36
Staff welfare expenses	411.49	418.42
Directors' remuneration (Note 34)	1,181.52	1,414.39
Field staff incentives	549.22	602.70
	20,032.10	**18,860.34**

NOTE 27 FINANCE COST

Particulars	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Interest on bank overdraft and loan	2,021.53	2,578.55
Redemption Premium / Interest accrued on debentures	-	113.97
Interest on lease liability	454.02	-
Interest on Income tax	-	54.33
Other borrowing cost	2.33	35.51
	2,477.88	**2,782.36**

NOTE 28 DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Depreciation on tangible assets	2,887.52	2,702.56
Amortization of intangible assets	3,132.15	3,126.04
Depreciation of right of use assets	1,553.45	-
	7,573.12	**5,828.60**

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 29 OTHER EXPENSES

Particulars	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Power and fuel expenses	2,721.97	2,565.60
Rent* (Note 35)	74.53	1,613.45
Insurance	218.10	188.40
Repairs and maintenance		
- Building	33.95	26.29
- Plant and machinery	288.16	251.30
- Others	231.30	231.39
Consumption of stores and spares	471.48	325.86
Printing and stationery	57.52	82.27
Communication costs	210.48	220.40
Legal and professional fees (Note 32(A))	988.43	997.26
Rates and taxes	148.35	160.66
Directors' sitting fees (Note 34(c))	15.25	6.05
Vehicle maintenance	166.47	153.79
Loss on fixed assets discarded / sold	29.12	47.52
Conversion charges	6.25	14.22
Advertisement and sales promotion expense	11,992.69	10,933.35
Freight, handling and forwarding charges	10,212.20	11,182.35
Field staff expenses	1,667.62	1,674.53
Net change in fair value of financial assets measured at FVTPL	119.00	-
Travelling and conveyance	547.29	371.48
Royalty	306.18	327.76
Corporate social responsibility expenses (Note 32(B))	388.09	421.08
Share of (profit)/loss in partnership firm	1.73	-
Miscellaneous expenses	1,425.30	1,473.52
	32,321.46	**33,268.53**

**Current year expenses pertains to short-term lease and low value assets*

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 30 INCOME TAX

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are :

	Particulars	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
a.	**Profit or loss**		
	Income tax expenses		
	Current tax		
	Current period	2,663.00	4,690.64
	Adjustment of tax relating to earlier periods	-	-
		2,663.00	**4,690.64**
	Deferred tax		
	Relating to origination and reversal of temporary differences	(1,873.45)	(1,257.50)
		789.55	**3,433.14**
b.	**OCI**		
	Deferred tax related to items recognised in OCI during the year :		
	Net loss /(gain) on remeasurements of defined benefit plans	147.57	60.56
		147.57	**60.56**
c.	**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate**		
	Accounting profit before tax	16,558.83	22,750.42
	Tax rate	34.94%	34.94%
	Tax at statutory rate	5,786.32	7,949.91
	Less:		
	Tax impact :- Profit exempt from tax	(4,595.48)	(5,003.08)
	Corporate social responsibility expenditure disallowed	135.50	147.14
	Differential tax rate (Note 50)	(535.04)	-
	Others	(1.74)	339.16
	Adjusted tax expense	**789.55**	**3,433.14**
	Tax expense	**789.55**	**3,433.14**
d.	**Deferred tax Assets and Liabilities**		
	Net deferred tax assets and (liabilities)	9,621.99	7,600.97

e. Movement in Deferred tax Assets and Liabilities

Movement during the year ended March 31, 2019	As at March 31, 2018	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at March 31, 2019
Deferred tax assets /(liability)				
Depreciation	(9,950.62)	981.69	-	(8,968.93)
Fair value adjustments	(15.74)	11.52	-	(4.22)
Provision for gratuity	926.55	163.77	60.56	1,150.88
Provision for leave encashment	357.08	60.04	-	417.12
Provision for doubtful debts	410.36	-	-	410.36
Provision for doubtful advances	174.80	(1.88)	-	172.92
Other provisions	760.24	(38.25)	-	721.99
Other disallowances	46.12	(46.12)	-	-
Tax credit (MAT)	13,574.12	126.73	-	13,700.85
	6,282.91	**1,257.50**	**60.56**	**7,600.97**

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 30 INCOME TAX (Contd...)

Movement during the year ended March 31, 2020	As at March 31, 2019	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at March 31, 2020
Deferred tax assets /(liability)				
Depreciation	(8,968.93)	940.96	-	(8,027.97)
Right-of-use assets	-	(1,500.54)	-	(1,500.54)
Fair value adjustments	(4.22)	4.22	-	-
Provision for gratuity	1,150.88	136.58	147.57	1,435.03
Provision for leave encashment	417.12	58.64	-	475.76
Provision for doubtful debts	410.36	-	-	410.36
Provision for doubtful advances	172.92	-	-	172.92
Other provisions	721.99	-	-	721.99
Differential tax rate (Note 50)	-	535.04	-	535.04
Lease liability	-	1,602.50	-	1,602.50
Tax credit (MAT)	13,700.85	96.05	-	13,796.90
	7,600.97	**1,873.45**	**147.57**	**9,621.99**

NOTE 31(I) GRATUITY

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

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

Particulars	March 31, 2020 Gratuity Funded	March 31, 2019 Gratuity Funded
(A) Summary of the Actuarial Assumptions		
Mortality	IALM (2012-14) Ult.	IALM (2006-08) Ult.
Discount rate	6.60%	7.55%
Rate of increase in compensation	8.00%	8.00%
Withdrawal rates	9.00%	9.00%
Rate of return (expected) on plan assets	7.27%	7.59%
The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.		
(B) Changes in present value of obligations (PVO)		
PVO at beginning of period	3,450.01	2,917.53
Interest cost	261.03	230.32
Current Service Cost	298.88	259.32
Benefits Paid	(187.46)	(116.37)
Past Service Cost	-	-
Actuarial changes arising from changes in demographic assumptions	0.36	-
Re-measurment changes arising from changes in financial assumptions	251.89	76.46
Experience adjustments	150.76	82.75
PVO at end of period	4,225.47	3,450.01

Notes
to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 31(I) GRATUITY (Contd...)

Particulars	March 31, 2020 Gratuity Funded	March 31, 2019 Gratuity Funded
(C) Changes in fair value of plan assets		
Fair value of plan assets at the beginning of period	156.51	265.99
Investment Income	11.84	21.00
Benefit paid	(30.20)	(116.37)
Return on plan assets	(19.33)	(14.11)
Fair value of plan assets at end of period	118.82	156.51
(D) Expenses recognised in the statement of profit and loss		
Current service cost	298.88	259.32
Past Service Cost	-	-
Net Interest cost on the Net Defined Benefit Liability / (Asset)	249.19	209.32
Benefits paid directly by company	(0.06)	47.72
Expense recognised in the statement of profit and loss	548.01	516.36
(E) Remeasurement gains/(losses) in other comprehensive income		
Return on plan assets	19.33	14.11
Actuarial changes arising from changes in demographic assumptions	0.36	-
Re-measurment changes arising from changes in financial assumptions	251.89	76.46
Experience adjustments	150.76	82.75
Total amount recognised in OCI	422.34	173.32
(F) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Investment with insurer	100%	100%
(G) Net Assets/(Liabilities) recognised in the balance sheet		
PVO at end of period	(4,225.47)	(3,450.01)
Fair value of plan assets at end of period	118.82	156.51
Funded status (deficit in fair value of plan assets over PVO)	(4,106.65)	(3,293.50)
Net assets / (Liability) recognised in the balance sheet	(4,106.65)	(3,293.50)

These defined benefit plan exposed to actuarial risk, such as longevity risk, currency risk, interest rate risk and market risk.

Fund is Managed by LIC as per Insurance Regulatory and Development Authority guidelines, category-wise composition of the plan assets is not available.

(H) Sensitivity Analysis:

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

The results of sensitivity analysis is given below:

Particulars	March 31, 2020	March 31, 2019
Defined Benefit Obligation (Base)	4,225.47	3,450.01

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 31(I) GRATUITY (Contd...)

Particulars	March 31, 2020		March 31, 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	4,522.04	3,960.20	3,685.92	3,238.73
(% change compared to base due to sensitivity)	7.00%	-6.30%	6.80%	-6.10%
Salary Growth Rate (- / + 1%)	3,978.27	4,493.17	3,249.98	3,665.70
(% change compared to base due to sensitivity)	-5.90%	6.30%	-5.80%	6.30%
Attrition Rate (- / + 50% of attrition rates)	4,322.58	4,158.29	3,467.21	3,436.82
(% change compared to base due to sensitivity)	2.30%	-1.60%	0.50%	-0.40%
Mortality Rate (- / + 10% of mortality rates)	4,225.82	4,225.12	3,450.01	3,450.01
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

(I) Asset Liability Matching Strategies

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

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

a) Funding arrangements and Funding Policy

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

b) Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flows)	7 years
Expected cash flows over the next (valued on undiscounted basis) :-	₹
- 1 year	589.27
- 2 to 5 years	1,731.79
- 6 to 10 years	2,108.72
- More than 10 years	2,611.01

c) The Company expects to contribute ₹ Nil (2019- ₹ Nil) to gratuity fund.

NOTE 31(II) SUPERANNUATION

The Company Contributed ₹ 40.95 lacs and ₹ 39.79 lacs to the superannuation plan during the years ended March 31, 2020 and March 31, 2019, respectively and same has been recognized in the Statement of Profit and Loss under the head employee benefit expense.

NOTE 31(III) PROVIDENT FUND AND OTHER FUNDS

The Company Contributed ₹ 1139.30 lacs and ₹ 1,030.47 lacs to the employee provident fund and other funds during the years ended March 31, 2020 and March 31, 2019, respectively and same has been recognized in the Statement of Profit and Loss under the head employee benefit expense.

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 32 A) PAYMENT TO AUDITORS (EXCLUDING GST)

Particulars	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
As Auditors		
Audit fee	40.00	35.00
Tax audit fees and certification	8.04	6.04
Limited review of quarterly results	48.00	45.00
Reimbursement of expenses	4.54	4.51
	100.58	**90.55**

B) Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII is as given below:

		April 1, 2019 to March 31, 2020			April 1, 2018 to March 31, 2019		
(a)	Gross amount required to be spent during the year			386.62			365.47
		In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
(b)	Amount spend during the year : -						
	Rural/slum area development	158.86	-	158.86	43.54	-	43.54
	Imparting Skill Development Training	194.40	-	194.40	377.54	-	377.54
	Contribution to Disaster Management	21.00	-	21.00	-	-	-
	Others	13.83	-	13.83	-	-	-
Total		**388.09**	**-**	**388.09**	**421.08**	**-**	**421.08**

NOTE 33 SEGMENT REPORTING

The Company has presented segment information in the consolidated financial statements which are presented in the same annual report. Accordingly, in terms of Paragraph 4 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in this standalone financial statements.

Notes

to the standalone financial statements for the year ended March 31, 2020

NOTE 34 RELATED PARTY DISCLOSURES

a) **Parties where control exists**

Individual having control

M.P. Ramachandran	Chairman and Managing Director upto March 31, 2020, Chairman Emeritus w.e.f April 01, 2020

The Managing Director of the Company is an individual having control and hence not separately disclosed as a Key management personnel.

Other Subsidiaries

Jyothy Kallol Bangladesh Limited

Four Seasons Drycleaning Company Private Limited

Snoways Laundrers & Drycleaners Private Limited

Jyothy Fabricare Services Limited

M/S JFSL-JLL (JV) - Partnership firm

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.

Jaya Trust

Relative of individual having control

M.P. Sidharthan	
M.R. Jyothy	Appointed as Managing Director w.e.f. April 01, 2020
M.R. Deepthi	Appointed as Whole time Director w.e.f. April 01,2020
Ananth Rao T	
Ravi Razdan	
M. G. Santhakumari	
M.P. Divakaran	

Enterprises significantly influenced by key management personnel or their relatives

Sahyadri Agencies Ltd.

Gagangiri Containers Limited

Key management personnel as per IND-AS / Companies Act, 2013

K. Ullas Kamath	Joint Managing Director
M.R. Jyothy	Whole time Director & Chief Marketing Officer upto March 31, 2020 (Appointed as Managing Director w.e.f. April 1, 2020)
M.R. Deepthi	Whole Time Director (Appointed w.e.f. April 1, 2020)
Rajnikant Sabnavis	Chief Operating Officer upto November 30, 2019
Sanjay Agarwal	Chief Financial Officer
Nilesh B. Mehta	Independent Director
R. Lakshminarayanan	Independent Director
K. P. Padmakumar	Independent Director upto March 31, 2019
Bhumika Batra	Independent Director
Shreyas Trivedi	Head-Legal & Company Secretary

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 34 RELATED PARTY DISCLOSURES (Contd...)

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

Particulars	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
M.P. Ramachandran		
Remuneration*	₹1 only	₹1 only
Commission	356.59	482.34
Dividend	8,618.45	701.37
Sahyadri Agencies Limited		
Dividend	1335.00	150.00
Gagangiri Containers Limited		
Purchase of Land	11.40	-
Quilon Trading Company		
Rent expenses	1.20	1.20
M.P. Divakaran - H.U.F.		
Dividend	228.48	19.04
M.P. Sidharthan - H.U.F.		
Dividend	158.40	13.20
Jaya Trust		
Dividend	261.00	21.75
Jyothy Fabricare Services Limited		
Reimbursement of expenses	35.84	20.63
Sale of Finished goods (net of sales return)	2.85	3.45
M/S JFSL-JLL (JV)		
(Profit)/loss in partnership	1.73	(31.82)
Interest on partner capital	10.54	12.99
Interest on loan given	11.31	-
Loan given to JFSL-JLL(JV)	670.79	-
Investment /(Withdrawal) of capital	142.88	0.50
Jyothy Kallol Bangladesh Limited		
Sales of raw materials and packing material and finished goods	120.03	102.69
Relatives of individual having control		
Remuneration*		
M.R. Jyothy	219.60	219.60
M P Sidharthan	24.00	24.00
M R Deepthi	59.29	54.36
Ananth Rao T	94.87	83.28
Ravi Razdan	65.07	62.23
M.P. Divakaran	-	12.00

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 34 RELATED PARTY DISCLOSURES (Contd...)

c) **Transactions with related parties during the year (Contd...)**

Particulars	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Dividend -Relatives of individual having control	3,122.27	260.19
Key management personnel		
Remuneration*		
K. Ullas Kamath	336.00	336.00
Sanjay Agarwal	244.41	185.82
Rajnikant Sabnavis	274.11	371.88
Shreyas Trivedi	78.53	71.97
Dividend		
K. Ullas Kamath	174.17	14.51
Contribution to Superannuation fund		
K. Ullas Kamath	30.00	30.00
Fee for attending board / committee meetings		
Nilesh B. Mehta	5.75	2.05
R. Lakshminarayanan	5.25	2.05
K. P. Padmakumar	-	1.45
Bhumika Batra	4.25	0.50
Commission		
K. Ullas Kamath	320.93	434.10
Nilesh B. Mehta	12.00	10.00
R. Lakshminarayanan	12.00	10.00
K. P. Padmakumar	-	10.00
Bhumika Batra	12.00	-

** As the future liabilities for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.*

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 34 RELATED PARTY DISCLOSURES (Contd...)

d) Related party balances

Particulars	As at March 31, 2020	As at March 31, 2019
Amounts receivable		
Trade receivables :		
Jyothy Kallol Bangladesh Limited	-	16.81
Amounts payable		
Other financial liabilities :		
Individual having control		
M.P. Ramachandran	356.59	482.34
Key management personnel		
K. Ullas Kamath	320.93	434.10
Nilesh B. Mehta	12.00	10.00
R. Lakshminarayanan	12.00	10.00
K. P. Padmakumar	-	10.00
Bhumika Batra	12.00	-
Loans to associate		
Loan to JFSL-JLL (JV)	670.79	-
Corporate guarantees issued by the Company to the bankers of subsidiary companies		
Jyothy Fabricare Services Limited	6,000.00	6,000.00
M/S JFSL-JLL (JV)	202.44	377.44

Terms and conditions of transactions with related parties

The Sales to / purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

NOTE 35 IN CASE OF ASSETS TAKEN ON LEASE

a The Company has lease contracts for various items of plant, machinery, building and office equipment used in its operations. The Company obligations under its leases are secured by the lessor's title to the leased assets.

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

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

Refer note : 3C

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

Particulars	Leasehold Land	Building	Total
As at April 1, 2019	-	**5,023.98**	**5,023.98**
Additions	-	819.86	819.86
Accretion of interest	-	427.75	427.75
Payments	-	(1,685.67)	(1,685.67)
As at March 31, 2020	-	**4,585.92**	**4,585.92**
Current	-	1,685.67	1,685.67
Non current	-	2,900.25	2,900.25

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 35 IN CASE OF ASSETS TAKEN ON LEASE (Contd...)

The maturity analysis of lease liabilities is disclosed below:

Maturity analysis of contractual undiscounted cash flow	₹
Less than 1 year	1,633.59
1 to 2 years	1,427.10
2 to 3 years	1,008.68
3 to 4 years	589.54
4 to 5 years	365.17
More than 5 years	518.68
Total undiscounted lease liabilities	**5,542.76**

c **Total cash outflow**

The Company has a total cash outflow (including short term and low value assets) for leases of ₹ 1,772.98 in 2019-20 (2018-19 - ₹ 1,613.45). The Company also had non cash additions to right to use assets and lease liabilities of ₹ 5,843.84 in 2019-20 (2018-19 - ₹ Nil).

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

The company is committed to ₹ 74.53 (2018-19- ₹ Nil) for short term leases.

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

f **Impact on adoption of Ind AS 116**

Particulars	April 1, 2019 to March 31, 2020
(A) Decrease in Rent expenses	(1,685.67)
(B) Increase in Depreciation	1,553.45
(C) Increase in Interest expenses	427.75
(D) Decrease in Profit before tax	295.53

In case of assets given on lease

The Company has leased out few of its premises on operating lease for part of the year. Lease rent income for the year ended March 31, 2020 was ₹ 10.25 (2019 – ₹ 11.60).

NOTE 36 COMMITMENTS AND CONTINGENCIES

A) Capital Commitments (Net of Advances)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	28.29	216.32
Other Commitments (Refer note 35d)	74.53	-
	102.82	**216.32**

B) Contingent Liabilities

In respect of the following, the Company has assessed that it is only possible, but not probable, that outflow of economic resources will be required :

Particulars	As at March 31, 2020	As at March 31, 2019
(I) Tax matters		
(a) Disputed sales tax demands – matters under appeal	1,467.56	1,356.01
(b) Disputed GST demands – matters under appeal	45.18	-
(c) Disputed excise duty and service tax demand - matter under appeal	2,488.24	4,083.22
(d) Disputed income tax demand - matter under appeal *	278.87	278.87
(II) Amount outstanding in respect of financial guarantees	6,202.44	6,377.44

** 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 standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 36 COMMITMENTS AND CONTINGENCIES (Contd...)

The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed which is now dismissed.

In view of the management, the liability on account of this for the period from date of the SC order to 31 March 2019 is not significant. The impact for the past period, if any, is not reliably ascertainable and consequently no effect has been given in the accounts.

Company believes that all these matters have a strong possibility of being dismissed in favour of the Company and accordingly no provisions has been considered necessary.

The above disclosure does not cover matters where the exposure has been assessed to be remote.

NOTE 37 MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ('MSMED')

The disclosure pursuant to the said Act is as under :

Particular	As at March 31, 2020	As at March 31,2019
Principal amount due to suppliers under MSMED Act	1,022.95	3,813.45
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	0.32	1.20
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	0.32	1.20

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

NOTE 38 DETAILS OF INVESTMENTS IN PARTNERSHIP FIRM

Particular	Share of partner in profits (%)	
	As at March 31, 2020	As at March 31, 2019
Name of Partner		
Share of partner in profits (%)		
Jyothy Fabricare Services Limited	75.00%	75.00%
Jyothy Laboratories Limited	25.00%	25.00%
Total capital of the firm	93.08	671.51

NOTE 39 EARNING PER SHARE (₹)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 39 EARNING PER SHARE (₹) (Contd...)

The following reflects the income and share data used in the basic and diluted EPS computations:

Particular	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Net Profit for calculation of basic and diluted EPS	15,769.28	19,317.28
Weighted average number of shares for calculation of basic EPS (i)	**36,72,08,644**	**36,49,37,171**
Effect of dilution :		
Stock option granted under ESOP scheme	-	-
Weighted average number of shares for calculation of diluted EPS (ii)	**36,72,08,644**	**36,49,37,171**
Basic EPS (₹)	4.29	5.29
Diluted EPS (₹)	4.29	5.29
(i) Weighted average number of equity shares (Basic)		
Weighted average number of shares for calculation of basic EPS	36,72,08,644	36,35,88,174
Effect of share option exercised	-	13,48,997
Weighted average number of shares for calculation of basic EPS	**36,72,08,644**	**36,49,37,171**
(ii) Weighted average number of equity shares (Diluted)		
Weighted average number of shares for calculation of basic EPS	36,72,08,644	36,49,37,171
Effect of share option exercised	-	-
Weighted average number of shares for calculation of diluted EPS	**36,72,08,644**	**36,49,37,171**

NOTE 40 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Balance with government authorities and protest payment

The Company has significant receivable from government authorities in respect of protest payment made in earlier years towards Vat/Excise duty matters. The Company has received favourable orders from the Honourable Supreme Court / High Court in these matters and accordingly assessed that all the amounts are fully recoverable.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted cash flow (DCF) model. The cash flows are derived from the budget and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Notes

to the standalone financial statements for the year ended March 31, 2020

NOTE 40 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd...)

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk , volatility etc. Changes in assumptions/judgements about these factors could affect the reported fair value of financial instruments.

Defined benefit plans (gratuity benefits)

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

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

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 45

Leases

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

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

Taxes

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

Futher, the Company has recognised Minimum Alternate tax Credit (MAT) which can utilised for a period of 15 years from the assessment year to which it relates to. Based on future projections of taxable profit and MAT, the Company has assessed that the entire MAT credit can be utilised.

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 41 FAIR VALUES

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

Particulars	CARRYING VALUES		FAIR VALUES	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial Assets				
Investment	13,931.33	24,207.00	13,931.33	24,207.00
Loans	1,590.10	783.41	1,590.10	783.41
Total	**15,521.43**	**24,990.41**	**15,521.43**	**24,990.41**
Financial Liabilities				
Borrowings	22,094.38	21,537.26	22,094.38	21,537.26
Financial guarantee contracts	33.78	78.83	33.78	78.83
Total	**22,128.16**	**21,616.09**	**22,128.16**	**21,616.09**

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

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

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

NOTE 42 FAIR VALUES HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets :

Particular	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value of financial assets disclosed					
Investment *	March 31, 2020	13,327.59	-	-	13,327.59
Financial guarantee	March 31, 2020	33.78	-	-	33.78
Investment *	March 31, 2019	23,458.66	10,012.07	-	13,446.59
Financial guarantee	March 31, 2019	78.83	-	-	78.83

* Fair value measured by using discounted cash flow (DCF) method

There have been no transfers between Level 1 and Level 2 during the period.

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 42 FAIR VALUES HIERARCHY (Contd...)

Significant unobservable inputs used in level 3 fair values:

As at March 31, 2020	Significant unobservable inputs	Sensitivity of input to fair value measurement
Investment(Optionally convertible redeemable preference share)	Terminal value growth rate: 5%	1% increase will increase fair value by ₹ 1,545 lacs and 1% decrease will decrease fair value by ₹ 1,290 lacs
	Discount Rate: 15%	1% increase will decrease fair value by ₹ 2,032 lacs and 1% decrease will increase fair value by ₹ 2,425 lacs
Financial guarantee	Risk premium 0.75%	0.25% increase and decrease will increase and decrease fair value by ₹ 45 lacs.

NOTE 43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

A. Liquidity risk

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

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2020 and March 31, 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

For long term borrowings, the Company also focuses on maintaining / improving its credit ratings to ensure that appropriate refinancing options are available on the respective due dates

Particulars	Less than 1 Year	1 to 5 years	5 years and above	Total
As at March 31, 2020				
Borrowings and Other financial liabilities	28,709.56	-	-	28,709.56
Trade and other payables	12,679.12	-	-	12,679.12
	41,388.68	**-**	**-**	**41,388.68**
As at March 31, 2019				
Borrowings and Other financial liabilities*	25,310.58	-	-	25,310.58
Trade and other payables	17,479.75	-	-	17,479.75
	42,790.33	**-**	**-**	**42,790.33**

** The above disclosure has been made as per the contractual due dates of the borrowings, however, due to put option available to the holder (Note 16), the same has been presented as current maturity in the financial statements.*

Notes

to the standalone financial statements for the year ended March 31, 2020

NOTE 43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

B. Market risk

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

Interest rate risk

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

Foreign currency risk

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

Price risk

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

C. Credit risk

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

Trade receivables

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

Other financial assets

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only in highly marketable debt instruments with appropriate maturities to optimise the cash return on instruments while ensuring sufficient liquidity to meet its liabilities. The Company maximum exposure to credit risk as at March 31, 2020 and March 31, 2019 is the carrying value of each class of financial assets.

D. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

NOTE 44 CAPITAL MANAGEMENT

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

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 44 CAPITAL MANAGEMENT (Contd...)

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt is calculated as borrowing less cash and cash equivalent, other bank balances and mutual funds investments.

Particulars	March 31, 2020	March 31, 2019
Borrowings	22,094.38	21,537.26
Less: Cash and cash equivalents, other bank balances and mutual fund investments (Note 12,13a and 13b)	(2,007.15)	(18,766.28)
Net debt (A)	20,087.23	2,770.98
Equity	74,327.73	85,394.59
Capital and Net Debt (B)	94,414.96	88,165.57
Gearing ratio (A/B)	21%	3%

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31. 2020 and March 31, 2019

NOTE 45 SHARE-BASED PAYMENTS

On August 16, 2014 the Remuneration and Compensation Committee of the Board of Directors of the Company approved the Employee Stock Option Scheme 2014 ("ESOS-2014") for issue of stock options to the key employees and Employee Stock Option Scheme 2014-A ("ESOS- 2014-A") for issue of stock options to Whole Time Director & CEO of the Company. According to the scheme, whole time Director and CEO and eligible employees selected by the Remuneration and Compensation Committee will be entitled to options from time to time, subject to satisfaction of prescribed vesting conditions. The relevant terms of the grant are as below : -

Particulars	("ESOS-2014") Grant – I	("ESOS-2014-A")
Date of Grant	August 16, 2014	August 16, 2014
Number of options granted	5,03,445	27,15,352
Vesting period	33% - Year 1	66.67% - Year 1
	33% - Year 2	16.67% - Year 2
	34% - Year 3	16.66% - Year 3
Exercise period	5 years from the respective dates of vesting	
Exercise Price - Per share	₹ 1	₹ 1
Market price at grant date - Per share	₹ 188.70	₹ 188.70
Average life of option	3.5 years	

The fair value of option granted is estimated at the grant date using Black Scholes valuation model, taking into account the term and conditions upon which the share options were granted.

The following table illustrates the number and movements in share options during the year,

Particulars	("ESOS-2014") Grant – I	("ESOS-2014-A")
Exercisable at March 31, 2018	-	18,10,235
Exercised during 2018-19	-	18,10,235
Outstanding at March 31, 2019	-	-
Outstanding at March 31, 2020	-	-

For option exercised during the period, Weighted Average Exercise price of ₹ Nil (2019- ₹ 1) and weighted average share price at the exercise date was ₹ Nil per share (2019 - ₹ 185.66).

No new stock option have been granted by the company in the current year.

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 45 SHARE-BASED PAYMENTS (Contd...)

The following table list inputs to the model used for the year ended March 31, 2020 and March 31, 2019 :

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%
Risk-free Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Dividend yield	1.59%	1.59%	1.59%
Option fair Value vest wise of per stock option granted (₹)	**177.75**	**174.99**	**172.27**

Variables	("ESOS -2014 - A")		
	Vest 1	Vest 2	Vest 3
	August 16, 2015	August 16, 2016	August 16, 2017
Volatility	36.19%	37.32%	40.33%
Risk-free Rate	8.73%	8.72%	8.72%
Exercise Price (₹)	1.00	1.00	1.00
Dividend yield	1.59%	1.59%	1.59%
Option fair Value vest wise of per stock option granted (₹)	**177.75**	**174.99**	**172.27**

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

NOTE 46 IMPACT OF CORONAVIRUS OUTBREAK (COVID-19)

With the recent and rapid development of the COVID-19 outbreak, many countries have required entities to limit or suspend business operations and implemented travel restrictions and quarantine measures. These measures and policies have significantly disrupted (or are expected to disrupt) the activities of many entities. Disruptions are more immediate and pronounced in certain industries such as tourism, hospitality, transportation, retail, and entertainment, while there are also anticipated knock-on effects on other sectors such as manufacturing and financial sector. As the outbreak continues to progress and evolve, it is challenging at this juncture, to predict the full extent and duration of its business and economic impact. Consequently, these circumstances may impose entities with challenges when preparing their financial statements.

The company's operation disrupted due to COVID19 from 20 March 2020 onwards. All factories and sales operations were halted and primary sales were stopped. The lockdown led to impact on sales of approximately ₹ 15,000 lacs based on forecasted sales for the month. Our product portfolio falls in the category of 'Essential Goods' and forms part of day to day household consumption which are sold from grocery chains. As per MHA order dated 12 April 2020 - factories, depots and inter-state transportation of goods were permitted to operate with restrictions. In alignment with CII, Jyothy Labs is recognised as 'Company with nation-wide supply' hence, corporate State-wise E-passes were allowed to be issued by us directly for our supply chain, i.e. manufacturing plant workers, CFA/distributors' s staff, our sales staff, transporter, etc. Hence, operations were partially resumed since mid-April 2020. Production commenced in mid-April and the temporary shut-down did not have any significant impact on the valuation of inventories.

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 46 IMPACT OF CORONAVIRUS OUTBREAK (COVID-19) (Contd...)

While there were challenges with respect to resources, these were proactively managed to ensure minimal disruption to operations. All staff were working remotely and adequate controls were put in place to ensure control environment is not compromised. collections from sales in the subsequent period continues to be strong and hence management does not see any constraints arising from cash flows. Sales in the subsequent period have also met expectations considering the company sells essential hygiene related products.

In the short term, Company has adequate resources to sustain the impact of Covid-19. We do not foresee any material adverse impact in the medium to long term on the business. Based on our current assessment, no significant impact on carrying value on goodwill, inventory, trade receivables, intangible assets, investments and other financial assets is expected. The actual impact of global pandemic could be different from estimated, as the COVID scenario evolves in India. The company will continue to closely monitor any material changes to future economic conditions.

NOTE 47 IND AS 115 : REVENUE FROM CONTRACTS WITH CUSTOMERS

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

Particulars	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Gross Sales	2,01,252.14	2,12,445.22
Less : Scheme, discounts, rebates, price adjustments and returns	(34,859.18)	(35,675.59)
Net Sales	**1,66,392.96**	**1,76,769.63**

b. Disaggregation of revenue-Segment wise

Particulars		April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
A.	Fabric Care	70,347.50	72,522.54
B.	Dishwashing	56,669.55	58,728.30
C.	Household Insecticides	18,135.69	22,424.52
D.	Personal Care	18,041.54	19,185.97
F.	Others	3,198.68	3,908.30
		1,66,392.96	**1,76,769.63**

Revenue from one customer amounted to ₹ 25,568.84 (2019 - ₹ 22,040.52) arising from sales in various segments

NOTE 48 EXCEPTIONAL ITEM

Exceptional item includes one time expenses related to change in brand identity of the Company including its logo and name.

NOTE 49

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2020.

NOTE 50

As per amendments in the Income Tax Act, 1961, new Section 115BAA has been introduced with effect from FY 2019-20 (AY 2020-21) to provide an option for a concessional tax at the rate of 22%. The Company has evaluated this option and has opted to continue with the existing tax rate and corresponding benefits thereunder. The Company will continue under the existing tax rate till FY 2026 and is expected to opt for concessional tax rate in FY 2027. Accordingly, deferred tax reversing in FY 2027 and thereafter have been restated at the concessional rate. Impact due to such restatement, deferred tax assets of ₹ 535.04 lacs recognized in FY 2019-20.

Notes

to the standalone financial statements for the year ended March 31, 2020

₹ In Lacs

NOTE 51	PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED/RECLASSIFIED, WHERE NECESSARY, TO CONFORM TO THIS YEAR CLASSIFICATION.

Particulars	Note no.	Amount as per previous period financials	Adjustments	Revised amount for previous year
Balance sheet				
Non Current				
Provisions	20	3,449.83	881.02	4330.85
Current				
Provisions	20	3,103.48	(881.02)	2222.46
Cash and cash equivalent	13a	6,844.55	(160.70)	6,683.85
Bank balances other than cash and cash equivalents	13b	1,909.66	160.70	2,070.36

Signatures to Notes 1 to 51

As per our report of even date
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
Jyothy Labs Limited
CIN: L24240MH1992PLC128651

Sreeja Marar
Partner
Membership No: 111410

M.R. Jyothy
Managing Director
DIN: 00571828

K.Ullas Kamath
Joint Managing Director
DIN: 00506681

Shreyas Trivedi
Company Secretary
Membership No: A12739

Sanjay Agarwal
Chief Financial Officer

Mumbai
Date: June 05, 2020

Mumbai
Date: June 05, 2020