

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

The composition of the Board of Directors is as under:

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

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

Attendance of Directors at Board Meetings and Annual General Meeting:

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

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

BOARD OF DIRECTORS

Composition:

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

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

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

Excludes directorship in Indian Private Limited Companies, Foreign Companies, Companies under Section 8 of the Companies Act, 2013.

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

FAMILIARIZATION PROGRAMMES

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

AUDIT COMMITTEE

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

Composition, Meetings and Attendance

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

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

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

Terms of Reference of Audit Committee

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

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

that the financial statement is correct, sufficient and credible;

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

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

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

NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE

Composition, Meetings and Attendance

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

The attendance at these meetings was as under:

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

Terms of Reference of Nomination, Remuneration and Compensation Committee

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

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

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

Performance evaluation criteria for Independent Directors:

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

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

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

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

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

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

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

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

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

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

Remuneration Policy

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

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

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

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

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

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

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

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

Executive Directors

(Amount in ₹ except Stock Options Data)

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

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

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

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

Non-Executive Directors' Compensation and Shareholding:

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

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

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

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

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

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

http://www.jyothylaboratories.com/admin/docs/JLL_CSR%20Policy_Website.pdf

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

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

DEPOSITORY ESCROW ACCOUNT

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

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

GENERAL BODY MEETING

Annual General Meetings

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

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

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

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

Special Resolutions Passed through Postal Ballot

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

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

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

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

Procedure for Postal Ballot

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

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

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

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

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

DISCLOSURES

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

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

http://www.jyothylaboratories.com/admin/docs/RPT_JLL_Website.pdf

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

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

http://www.jyothylaboratories.com/admin/docs/PMS_JLL_Website.pdf

CODE OF CONDUCT

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

MEANS OF COMMUNICATION

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

CEO/ CFO CERTIFICATE

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

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

COMPLIANCE UNDER DISCRETIONARY REQUIREMENT OF LISTING REGULATIONS

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

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

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

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

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

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

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

DISCLOSURE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS:

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

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

GENERAL SHAREHOLDER INFORMATION

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

e) Listing on Stock Exchanges and Stock Codes:

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

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

f) Registrar & Share Transfer Agents:

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

g) Share Transfer System:

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

h) Stock Market Price for the year:

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

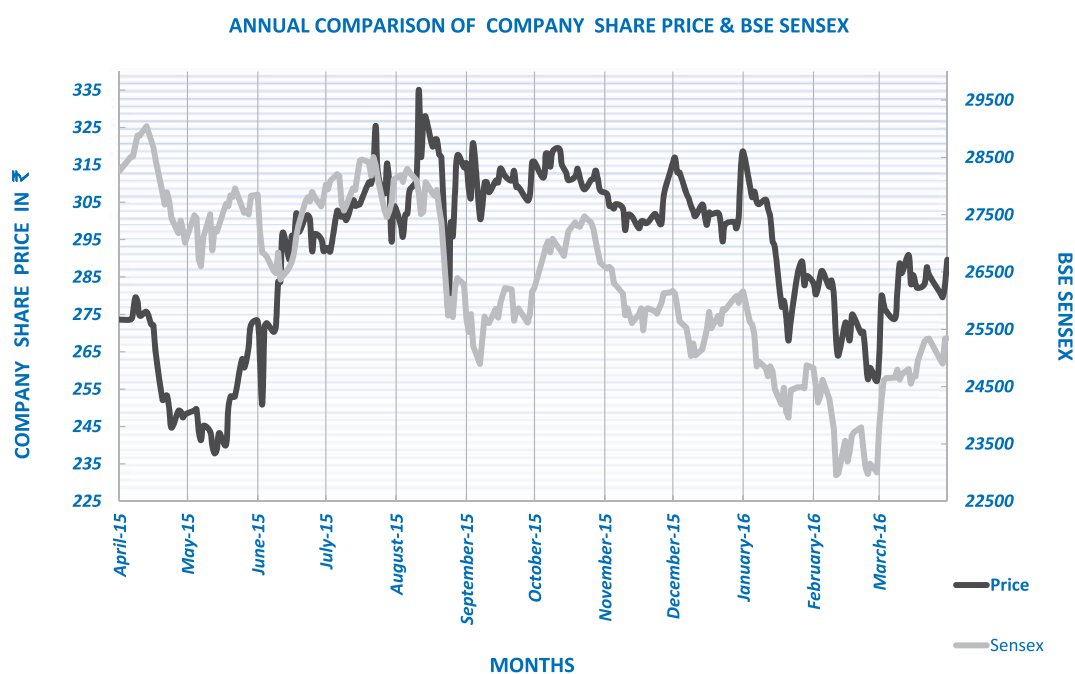
i) Shareholding Pattern as on March 31, 2016:

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

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

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

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

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


l) Dematerialization of shares:

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

m) Outstanding GDRs/ ADRs/ Warrants or any convertible instruments:

During the year 2015-16, the Company has not issued any GDRs/ ADRs/ Warrants or any convertible instruments.

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

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

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

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

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

o) Shareholders & Investors Correspondence:

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

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

C-13 Pannalal Silk Mills Compound,

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

Mumbai – 400078,

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

E-mail: rnt.helpdesk@linkintime.co.in

Contact Person: Mr. Derek D'Silva

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

'Ujala House', Ramkrishna Mandir Road,

Kondivita, Andheri (East),

Mumbai – 400 059

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

E-mail: secretarial@jyothy.com

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

(DIN: 00553406)

Mumbai, May 23, 2016.

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

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

For Jyothy Laboratories Limited

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

Mumbai, May 23, 2016

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

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

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

For Jyothy Laboratories Limited

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

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

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

Mumbai, May 23, 2016

AUDITORS' CERTIFICATE

To
The Members of Jyothy Laboratories Limited

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

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

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

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

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/ E300003

per Vikram Mehta

Partner

Membership Number: 105938

Place of Signature: Mumbai

Date: May 23, 2016