

## Standalone Limited Review Report

To  
**The Board of Directors of  
JHS Svendgaard Laboratories Limited**

We have reviewed the accompanying statement of unaudited Standalone Financial Results (the Statement) of **JHS Svendgaard Laboratories Limited** ("the Company") for the quarter and nine months ended 31<sup>st</sup> December, 2017 being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July, 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.


We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

### Basis for Qualified Opinion

Referencing to the note no. 5 to the standalone financial results, the Company has recognised an net income of Rs. 2,727.21 Lakhs on account of compensation received on settlement with its customers in current year instead of in previous financial year which constitutes a departure from the Indian Accounting Standards (Ind AS) prescribed in section 133 of the Companies Act, 2013. Had the management recognised the said, exceptional income in previous year then current nine months period profits would have been decreased by Rs. 2727.21 Lakhs.

Based on our review conducted as above, nothing has come to our attention *except* as referred in Basis for Qualified Opinion paragraph that causes us to believe that the accompanying statement of unaudited Standalone Financial Results prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued there under and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For S. N. Dhawan & Co LLP**  
(Formerly S. N. Dhawan & Co.)  
Chartered Accountants  
Firm Registration No. 000050N/N500045

  
**S. K. Khattar**  
Partner  
M. No. 084993  
Place: New Delhi  
Date: 30<sup>th</sup> January 2018



**JHS SVENDGAARD LABORATORIES LIMITED**

Regd. Office: Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, Distt. Sirmour, Himachal Pradesh - 173030, India.

CIN-L24230HP2004PLC027558



SVENDGAARD  
LABORATORIES  
LIMITED

CIN : L24230HP2004PLC027558

**STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2017**  
(Rs. In Lakhs)

S.No.	Particulars	Quarter Ended 31st Dec 2017		Quarter Ended 31st Dec 2016		Nine Months Ended 31st Dec 2017		Nine Months Ended 31st Dec 2016	
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1	<b>Income from operations</b>								
	(a) Revenue from operations (Refer note no. 7)	4,303.16	3,075.65	2,272.18	10,354.10				7,754.18
	(b) Other income	108.12	97.24	12.76	279.78				30.25
	<b>Total income</b>	<b>4,411.28</b>	<b>3,172.89</b>	<b>2,284.94</b>	<b>10,633.88</b>				<b>7,784.43</b>
2	<b>Expenses</b>								
	(a) Cost of materials consumed	2,666.03	1,784.45	1,086.85	6,168.91				4,609.29
	(b) Purchase of stock-in-trade	-	-	-	-				33.30
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	42.94	292.54	187.99	510.66				411.06
	(d) Excise Duty (Refer note no. 7)	-	-	-	235.03				-
	(e) Employee benefits expense	309.41	144.36	212.01	646.21				649.42
	(f) Finance Costs	16.29	20.54	22.09	51.25				52.96
	(g) Depreciation and amortisation expense	173.50	170.02	160.48	509.64				476.60
	(h) Other expenses	699.38	434.36	439.99	1,652.57				1,212.09
	<b>Total expenses</b>	<b>3,907.55</b>	<b>2,846.25</b>	<b>2,109.41</b>	<b>9,774.27</b>				<b>7,444.72</b>
3	<b>Profit / (Loss) before exceptional items and tax (1-2)</b>	<b>503.73</b>	<b>326.64</b>	<b>175.53</b>	<b>859.61</b>				<b>339.71</b>
4	Exceptional items (Refer note no. 5)	-	-	-	2,727.21				-
5	<b>Profit / (Loss) before tax (3+4)</b>	<b>503.73</b>	<b>326.64</b>	<b>175.53</b>	<b>3,586.82</b>				<b>339.71</b>
6	<b>Tax expense/(income)</b>								
	Current Tax	11.60	-	-	13.34				-
	Deferred Tax	169.77	111.76	-	1,134.16				-
7	<b>Net Profit / (Loss) for the period (5-6)</b>	<b>322.36</b>	<b>214.88</b>	<b>175.53</b>	<b>2,439.32</b>				<b>339.71</b>
8	<b>Other comprehensive income</b>								
(a)	-Items that will not be reclassified to profit or loss	1.36	1.35	1.10	4.06				3.30
	-Income tax relating to items that will not be reclassified to profit or loss	(0.41)	(0.42)	-	(1.25)				-
(b)	-Items that will be reclassified to profit or loss	-	-	-	-				-
	-Income tax relating to items that will be reclassified to profit or loss	-	-	-	-				-
9	<b>Total comprehensive income for the period (7+8)</b>	<b>323.31</b>	<b>215.81</b>	<b>176.63</b>	<b>2,442.13</b>				<b>343.01</b>
10	<b>Paid-up equity share capital ( Face value per share Rs. 10/-)</b>	<b>6,090.05</b>	<b>6,090.05</b>	<b>4,096.50</b>	<b>6,090.05</b>				<b>4,096.50</b>
11	<b>Earnings/(Loss) per share (of Rs. 10 each) (not annualised)</b>								
	(a) Basic (Rs.)	0.58	0.41	0.45	4.43				0.86
	(b) Diluted (Rs.)	0.33	0.35	0.30	4.00				0.57



JHS SVENDGAARD LABORATORIES LIMITED

Regd. Office: Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, Distt. Sirmour, Himachal Pradesh - 173030, India.



SVENDGAARD  
LABORATORIES  
LIMITED

CIN : L24230HP2004PLC027558

**Notes:**

- 1 The above standalone financial results are in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 were reviewed by the Audit Committee and thereafter approved and taken on record by the Board of Directors in their meeting held on January 30, 2018.
- 2 (a) Pursuant to approval of shareholders by way of special resolution in accordance with section 42 & 62 of the Companies Act, 2013 and Rules made thereunder and as per SEBI (ICDR) Regulations, 2009 the Company has completed preferential allotment of 34,944,748 fully convertible warrants of Rs.10 each at an issue price of Rs.11 per warrant into the equal number of fully paid up equity shares after receiving full issue price at the rate of Rs.11 per warrant from the respective allottees.
- 2 (b) Paid up equity share capital includes 1,63,60,000 equity shares issued pursuant to conversion of share warrants. These shares are under process and pending for listing.
- 3 The Company has adopted Indian Accounting Standards ("Ind AS") from 1st April, 2017 (transition date being April 01, 2016) and accordingly, these financial results have been prepared in accordance Companies (Indian Accounting Standard) Rules 2015 as prescribed under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and the other accounting principles generally accepted in India.
- 4 In line with the provisions of Ind AS 108 - Operating Segments and on the basis the review of operations being done by the senior management, the operations of the Company fall under Manufacturing of Oral Care products, which is considered to be the only reportable segment by the management.
- 5 The Statutory Auditors had qualified their audit report on the financial statements of the Company for the year ended March 31, 2017 in respect of the following matter :-

The Company has not recognised an income amounting to Rs. 2,750.00 Lakhs on account of compensation agreed and received subsequent to the year-end in terms of settlement agreement with its customers dated March 28, 2017 in the financial statements for the year ended March 31, 2017, which constitutes a departure from the Accounting Standards prescribed in section 133 of the Companies Act, 2013.

**Management Response**

The amounts received from P&G on account of settlement should be considered and accounted for as income only in 2017-18 as The Arbitral Tribunal has given its Final Award on 03.04.2017 and two SLP's from the Supreme Court were withdrawn on 06.04.2017 & 12.04.2017. The applicable TDS on the respective settlement amounts have been deducted and deposited during the FY 2017-18 only. One of the conditions in the settlement agreement is pending. Though, it is not a condition precedent to the payment of the settlement amount, however is the term of the agreement and thus unless not concluded, the Settlement Agreement can't be termed as completed, as the material conditions precedent were dependent on the authorities which were not within the control of the Company. Thus, it was inappropriate in view of the management, to recognize this income in FY 2016-17. Accordingly, net compensation of the settlement amounting to Rs. 2727.21 Lakhs has been accounted as income during the nine months ended 31st December 2017 and as shown under exceptional items.

- 6 Reconciliation of Net Profit after tax as previously reported under Indian GAAP and as per Ind AS for quarter and nine months ended 31st December, 2016.

Particulars	Quarter ended 31st	Nine month ended
	Dec, 2016	31st Dec, 2016
Profit after tax as reported under previous IGAAP	176.83	337.08
<b>Adjustments on account of:</b>		
Measurement of financial liabilities at amortised cost	(4.14)	(8.76)
Measurement of financial asset at Fair Value	5.71	7.81
Depreciation Reversal as per Ind AS	0.09	0.15
Adjustment for recording actuarial (gains)/losses in OCI	(1.10)	(3.30)
Transaction costs on issue of equity accounted for as a deduction from equity	4.14	6.73
<b>Profit after tax as reported under Ind AS</b>	<b>175.53</b>	<b>339.71</b>
Other comprehensive income	1.10	3.30
<b>Total comprehensive income as reported under Ind AS</b>	<b>176.63</b>	<b>343.01</b>



**JHS SVENDGAARD**  
LABORATORIES LIMITED

A Government of India recognized Star Export House

Corporate Office : B-1/E-23, Mohan Co-operative Industrial Area, Matunra Road, New Delhi - 110044, INDIA  
Tel. : +91-11-2690041/412, Fax : +91-11-26900434, Email : enquiry@svendgaard.com

Registered Office : Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, Distt. Sirmour, Himachal Pradesh - 173030, INDIA



CIN : L24230HP2004PLC027558

7 Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July 2017, the indirect taxes like Central Excise, VAT etc. have been replaced by GST. In accordance with Indian Accounting Standard 18 on Revenue and Schedule III of Companies Act, 2013, GST is not to be included in Gross Revenue from sale of products. In view of aforesaid restructuring of indirect taxes, Gross Revenue from sale of products and Excise duty for quarter and nine month ended 31st December, 2017 are not comparable with previous periods. Following additional information is being provided to facilitate such comparison.

Particulars	(Rs. in Lakhs)				
	Quarter Ended 31st December 2017 (Unaudited)	Quarter Ended 30th September 2017 (Unaudited)	Quarter Ended 31st Dec 2016 (Unaudited)	Nine Month Ended 31st Dec 2017 (Unaudited)	Nine Month Ended 31st Dec 2016 (Unaudited)
Sales/Revenue from operations (as reported)	4,303.16	3,075.65	2,272.18	10,354.10	7,754.18
Less: Excise duty on sales	-	-	-	235.03	-
Sales/Income from operations (net of excise duty)	4,303.16	3,075.65	2,272.18	10,119.07	7,754.18

8 Figures for the previous quarter/nine months have been regrouped and reclassified to conform with current quarter/nine months presentation, where ever applicable.

Place : New Delhi  
 Date : January 30, 2018

By Order of the Board  
 Nikhil Nanda  
 Managing Director  
 DIN : 00051501