

## **Independent Auditor's Report**

### **To the Board of Directors of JHS Svendgaard Laboratories Limited**

We have audited the accompanying statement of standalone financial results of **JHS Svendgaard Laboratories Limited** ("the Company") for the quarter and year ended 31 March 2018 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular dated 5 July 2016. Attention is drawn to the fact that the figures for the quarter ended 31 March 2018 as reported in these standalone financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to an audit. This Statement has been prepared on the basis of the reviewed quarterly financial results up to the end of the third quarter, the audited annual standalone financial statements as at and for the year ended 31 March 2018, and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on the Statement based on our review of standalone financial results for the nine months period ended 31 December 2017, which was prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting', issued pursuant to Companies (Indian Accounting Standards) Rules, 2015 as specified in Section 133 of the Companies Act, 2013 read with SEBI Circular dated 5 July 2016 and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended 31 March 2018; and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the standalone financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as standalone financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our qualified opinion.

### **Basis for Qualified Opinion**

As mentioned in Note No. 5 to the Standalone Financial Results, the Company has recognized net income amounting to Rs. 2727.21 lacs during the year ended 31 March 2018 on account of compensation received pursuant to the Settlement Agreement dated 28 March 2017, instead of recognizing the same in the year ended 31 March 2017. This constitutes a material departure from the Indian Accounting Standards (Ind AS) referred to in Section 133 of the Companies Act, 2013. Consequently, the exceptional income for the year ended 31 March 2018 is overstated and for the year ended 31 March 2017 is understated by Rs. 2727.21 lacs. Had the Company followed



the correct accounting, the net profit after tax for the year ended 31 March 2018 would have been reduced by Rs. 1883.56 lacs and increased by the same amount for the year ended 31 March 2017, the carrying amount of other current assets as at the previous year ended 31 March 2017 would have increased by Rs. 2475 lacs, deferred tax assets (net) as at the previous year ended 31 March 2017 would have been reduced by Rs. 843.65 lacs as at the previous year ended 31 March 2017 and other equity would have increased by Rs. 1883.56 lacs as at the previous year ended 31 March 2017. This was a matter of qualification in the previous year as well.

Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, the accompanying Statement:

- (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5 July 2016 in this regard; and
- (ii) give a true and fair view of the net profit (financial performance including other comprehensive income) and other financial information for the quarter and year ended 31 March 2018 except for the effects/possible effects of qualification as described in the previous paragraph.

**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: 15 May 2018

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

CIN-L24230HP2004PLC027558

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31st MARCH, 2018

(Rs. In Lakhs)

S.No.	Particulars	Quarter Ended	Quarter Ended	Quarter Ended	Year Ended 31st	Year Ended 31st
		31st March 2018	31st Dec 2017	31st March 2017	March 2018	March 2017
		Audited	Unaudited	Audited	Audited	Audited
1	Income from operations					
	(a) Revenue from operations (Refer note no. 7)	3,719.06	4,303.16	2,751.60	14,073.16	10,505.78
	(b) Other income	215.00	108.12	12.76	494.78	43.01
	<b>Total income</b>	<b>3,934.06</b>	<b>4,411.28</b>	<b>2,764.36</b>	<b>14,567.94</b>	<b>10,548.79</b>
2	Expenses					
	(a) Cost of materials consumed	2,045.26	2,666.03	1,502.85	8,214.17	6,112.14
	(b) Purchase of stock-in-trade	76.47	-	-	76.47	33.30
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	252.02	42.94	140.42	762.68	551.48
	(d) Excise Duty (Refer note no. 7)	-	-	-	235.03	-
	(e) Employee benefits expense	294.61	309.41	216.55	940.83	865.97
	(f) Finance Costs	22.40	16.29	8.84	73.65	61.80
	(g) Depreciation and amortisation expense	171.00	173.50	159.10	680.64	635.70
	(h) Other expenses	549.45	699.38	560.44	2,202.02	1,772.53
	<b>Total expenses</b>	<b>3,411.21</b>	<b>3,907.55</b>	<b>2,588.20</b>	<b>13,185.49</b>	<b>10,032.92</b>
3	Profit / (Loss) before exceptional items and tax (1-2)	522.85	503.73	176.16	1,382.45	515.87
4	Exceptional items (Refer note no. 5)	-	-	-	2,727.21	-
5	Profit / (Loss) before tax (3+4)	522.85	503.73	176.16	4,109.66	515.87
6	Tax expense/(income)					
	Current Tax	184.89	11.60	5.28	198.23	5.28
	Deferred Tax (including MAT credit entitlement)	(37.62)	169.77	(1,685.19)	1,096.54	(1,685.19)
	Adjustment of tax	9.85	-	-	9.85	-
7	Net Profit / (Loss) for the period (5-6)	365.73	322.36	1,856.07	2,805.04	2,195.78
8	Other comprehensive income					
(a)	-Items that will not be reclassified to profit or loss	(1.83)	1.36	2.11	2.22	5.41
	-Income tax relating to items that will not be reclassified to profit or loss	0.61	(0.41)	(1.67)	(0.65)	(1.67)
(b)	-Items that will be reclassified to profit or loss	-	-	-	-	-
	-Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
9	Total comprehensive income for the period (7+8)	364.51	323.31	1,856.51	2,806.61	2,199.52
10	Paid-up equity share capital ( Face value per share Rs. 10/-)	6,090.05	6,090.05	4,412.05	6,090.05	4,412.05
11	Reserve excluding revaluation reserves as per balance sheet of previous accounting year				11,573.56	9,067.48
12	Earnings per equity share (for continuing operations)					
	(a) Basic (Rs.)	0.65	0.58	4.61	4.96	5.46
	(b) Diluted (Rs.)	0.60	0.53	3.12	4.60	3.70





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	Year Ended 31st March 2018 Audited	Year Ended 31st March 2017 Audited				
13	Earnings per equity share (for discontinued operations)					
	(a) Basic (Rs.)	-	-	-	-	-
	(b) Diluted (Rs.)	-	-	-	-	-
14	Earnings per equity share (for continuing and discontinued operations)					
	(a) Basic (Rs.)	0.65	0.58	4.61	4.96	5.46
	(b) Diluted (Rs.)	0.60	0.53	3.12	4.60	3.70

Standalone Statement of Assets and Liabilities

A	Particulars	Year Ended 31st March 2018 Audited	Year Ended 31st March 2017 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	7,125.89	6,491.22	
(b) Capital work-in-progress	41.67	67.41	
(c) Other Intangible assets	3.38	5.80	
(d) Financial Assets			
(i) Investments	1.00	1.00	
(ii) Loans	9.89	0.15	
(iii) Others	31.50	13.35	
(e) Non-current tax assets (net)	141.84	-	
(f) Deferred Tax Assets (net)	586.53	1,683.52	
(g) Other non-current assets	2,707.50	3,265.55	
<b>Total non-current assets</b>	<b>10,649.00</b>	<b>11,528.00</b>	
<b>Current assets</b>			
(a) Inventories	868.66	1,072.44	
(b) Financial Assets			
(i) Investments	1,818.93	102.64	
(ii) Trade receivables	4,266.17	1,365.73	
(iii) Cash and cash equivalents	551.76	550.92	
(iv) Bank balances other than (iii) above	37.53	34.95	
(v) Loans	290.16	53.77	
(vi) Others	1,189.40	215.66	
(c) Other current assets	817.98	628.95	
(d) Assets classified as held for sale	4.39	4.39	
<b>Total current assets</b>	<b>9,844.98</b>	<b>4,029.45</b>	
<b>Total assets</b>	<b>20,493.98</b>	<b>15,557.45</b>	
<b>EQUITY AND LIABILITIES:</b>			
<b>Equity</b>			
(a) Equity Share Capital	6,090.05	4,412.05	
(b) Other Equity	11,573.56	9,067.48	
<b>Total equity</b>	<b>17,663.61</b>	<b>13,479.53</b>	
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	107.59	64.65	
(b) Provisions	66.65	48.13	
(c) Other non current liabilities	6.01	9.00	
<b>Total non-current liabilities</b>	<b>180.25</b>	<b>121.78</b>	



Current liabilities	
(a) Financial liabilities	
(i) Borrowings	0.10
(ii) Trade payables	1,927.86
(iii) Other financial liabilities	531.68
(b) Other current liabilities	182.15
(c) Provisions	8.33
<b>Total current liabilities</b>	<b>2,650.12</b>
<b>Total liabilities</b>	<b>2,830.37</b>
<b>Total equity and liabilities</b>	<b>20,493.98</b>
	<b>15,557.45</b>

**Notes:**

- The above standalone financial results are in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure 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 15th May, 2018.
- (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 during the year 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.
- (b) Paid up equity share capital includes 1,63,60,000 equity shares allotted pursuant to conversion of share warrants. These shares are under process for listing.
- The Company has adopted Indian Accounting Standards (Ind AS) from 1st April, 2017 (transition date being 01st April, 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. Consequently, results for the quarter/year ended 31st March 2017 have been restated to comply with Ind AS to make them comparable.
- 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.
- The Statutory Auditors had qualified their audit report on the financial statements of the Company for the year ended 31st March, 2018 in respect of the following matter:-

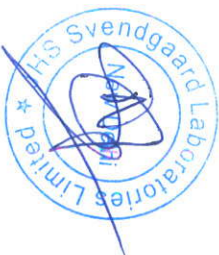
The Company has recognized net income amounting to Rs. 2727.21 lacs during the year ended 31st March 2018 on account of compensation received pursuant to the Settlement Agreement dated 28th March 2017, instead of recognizing the same in the year ended 31st March 2017. This constitutes a material departure from the Indian Accounting Standards (Ind AS) referred to in Section 133 of the Companies Act, 2013. Consequently, the exceptional income for the year ended 31st March 2018 is overstated and for the year ended 31st March 2017 is understated by Rs. 2727.21 lacs. Had the Company followed the correct accounting, the net profit after tax for the year ended 31st March 2018 would have been reduced by Rs. 1883.56 lacs and increased by the same amount for the year ended 31st March 2017, the carrying amount of other current assets as at the previous year ended 31st March 2017 would have increased by Rs. 2475 lacs, deferred tax assets (net) as at the previous year ended 31st March 2017 would have been reduced by Rs. 843.65 lacs as at the previous year ended 31st March 2017 and other equity would have increased by Rs. 1883.56 lacs as at the previous year ended 31st March 2017. This was a matter of qualification in the previous year as well.

**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 3rd April 2017 and two SLP's from the Supreme Court were withdrawn on 6th April 2017 & 12th April 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 year ended 31st March 2018 and as shown under exceptional items.

- Reconciliation of Net Profit after tax as previously reported under Indian GAAP and as per Ind AS for quarter and year ended 31st March, 2017

Particulars	Year ended 31st March, 2017	Quarter ended 31st March, 2017
Profit after tax as reported under IGAAP	2,198.31	1,861.24
Adjustments on Account of:		
Measurement of Financial liabilities at Amortised Cost	(12.21)	(3.45)
Share issue expenses adjusted with reserve	3.30	(4.51)
Actuarial (Gain) / Loss on Defined benefit plan transferred to OCI	11.27	4.54
Reversal of Depreciation pertaining to Ind AS adjustment	(5.41)	(2.11)
Deferred Tax asset charge	0.23	0.07
Amortisation of Deferred rent and Security deposit	0.32	0.32
Profit after tax as reported under Ind AS	2,195.78	1,856.07
Other Comprehensive Income	5.41	2.11
Income tax relating to items that will not be reclassified to profit or loss	(1.67)	(1.67)
Total Comprehensive Income as reported under Ind AS	2,199.52	1,856.51





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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 year ended 31st March, 2018 are not comparable with previous periods. Following additional information is being provided to facilitate such comparison.

Particulars	Quarter Ended	Quarter Ended	Quarter Ended	Year Ended 31st	Year Ended 31st
	31st March 2018	31st Dec 2017	31st March 2017	March 2018	March 2017
Sales/Revenue from operations (as reported)	3,719.06	4,303.16	2,751.60	14,073.16	10,505.78
Less: Excise duty on sales	-	-	-	235.03	-
Sales/Income from operations (net of excise duty)	3,719.06	4,303.16	2,751.60	13,838.13	10,505.78

(Rs. In Lakhs)

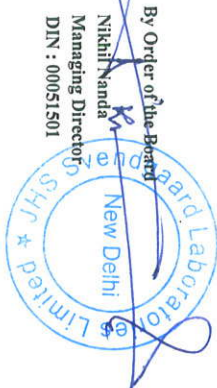
8 Reconciliation of Total Equity as previously reported under Indian GAAP and as per Ind AS for as at 31st March, 2017 and as at 01st April 2016 is given as below

	As at 31st March, 2017	As at 01st April, 2016
Total equity/(shareholder's fund) as per previous GAAP	13,479.46	10,099.58
Adjustments		
Amortisation of deferred payment liabilities	10.14	10.14
Impact of fair valuation of investments in mutual funds	3.30	-
Impact of security deposit	(0.03)	-
Impact of Financial liability	(11.99)	-
Tax on above adjustments	(1.35)	-
Total Adjustments	0.07	10.14
Total Equity as reported under Ind AS	13,479.53	10,109.72

9 Figures for the previous quarters/years have been regrouped and reclassified to conform with current quarter/year presentation, where ever applicable.

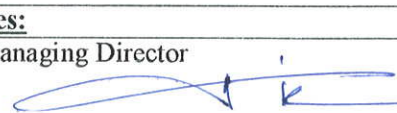

Place : New Delhi  
 Date : May 15, 2018

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







**ANNEXURE I**

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results – Standalone**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018</b> [See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]				
<b>I.</b>	<b>Sl.No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications) (Rs. in Lakhs)</b>	<b>Audited Figures (after adjusting for qualifications) (Rs. in Lakhs)</b>
	1.	Turnover / Total income	17295.15	14567.94
	2.	Total Expenditure	13185.49	13185.49
	3.	Net Profit/(Loss)	2806.61	923.05
	4.	Earnings Per Share		
		Basic (Rs.)	4.96	1.63
		Diluted (Rs.)	4.60	1.51
	5.	Total Assets	20494	18610.44
	6.	Total Liabilities	2830.39	2830.39
	7.	Net Worth	17663.61	15780.05
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
<b>I</b>	<b>Audit Qualification:</b>			
<b>I.</b>	a.	As mentioned in Note No. 5 to the Standalone Financial Results, the Company has recognized net income amounting to Rs. 2727.21 lacs during the year ended 31 March 2018 on account of compensation received pursuant to the Settlement Agreement dated 28 March 2017, instead of recognizing the same in the year ended 31 March 2017. This constitutes a material departure from the Indian Accounting Standards (Ind AS) referred to in Section 133 of the Companies Act, 2013. Consequently, the exceptional income for the year ended 31 March 2018 is overstated and for the year ended 31 March 2017 is understated by Rs. 2727.21 lacs. Had the Company followed the correct accounting, the net profit after tax for the year ended 31 March 2018 would have been reduced by Rs. 1883.56 lacs and increased by the same amount for the year ended 31 March 2017, the carrying amount of other current assets as at the previous year ended 31 March 2017 would have increased by Rs. 2475 lacs, deferred tax assets (net) as at the previous year ended 31 March 2017 would have been reduced by Rs. 843.65 lacs as at the previous year ended 31 March 2017 and other equity would have increased by Rs. 1883.56 lacs as at the previous year ended 31 March 2017. This was a matter of qualification in the previous year as well.		
	b.	<b>Type of Audit Qualification : Qualified Opinion</b>		
	c.	<b>Frequency of qualification: Whether appeared first time: No</b>		
	d.	<b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Yes, management's estimation on the impact of audit qualification is Rs.2750 Lakhs</b>		
	e.	<b>For Audit Qualification(s) where the impact is not quantified by the auditor: Not applicable.</b>		
		<b>(i) Management's estimation on the impact of audit qualification: Not applicable.</b>		
		<b>(ii) If management is unable to estimate the impact, reasons for the same: Not applicable.</b>		
		<b>(iii) Auditors' Comments on (i) or (ii) above: Not applicable.</b>		
<b>III.</b>	<b>Signatories:</b>			
		<ul style="list-style-type: none"> <li>Managing Director</li> </ul>  		



	<ul style="list-style-type: none"> <li>Chief Financial Officer (CFO)</li> </ul> 
	<ul style="list-style-type: none"> <li>Audit Committee Chairman</li> </ul> 
	<ul style="list-style-type: none"> <li>Statutory Auditor</li> </ul>  

Place: New Delhi

Date: May 15, 2018





Date : 15<sup>th</sup> May, 2018

To  
The Bombay Stock Exchange Limited  
Department of Corporate Services  
25<sup>th</sup> Floor, P.J. Towers,  
Dalal Street, Mumbai-400001

Company Code No: 532771

To  
The National Stock Exchange of India Limited  
"Exchange Plaza",  
Plot No. C/1, G Block,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai-400 051

NSE Symbol: JHS

Dear Sir/ Madam,

**Sub: Declaration under Regulation 33 of SEBI (LODR) Regulations, 2015 (Listing Regulations)**

Pursuant to Regulation 33 of SEBI (LODR) Regulations, 2015, we hereby confirm and declare that the Statutory Auditors of JHS Svendgaard Laboratories Limited, S.N. Dhawan & Co. LLP, Chartered Accountants, have issued Audit Report on the Standalone and consolidated financial results of the JHS Svendgaard Laboratories Limited for the Quarter and year ended March 31, 2018 with modified opinion.

Request you to please take the above on record.

Thanking you,  
Yours sincerely,  
For JHS SVENDGAARD LABORATORIES LIMITED



Ajay Bansal  
Chief Financial Officer