

## Independent Auditor's Report

To the Members of JHS Svendgaard Laboratories Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **JHS Svendgaard Laboratories Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of



the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

### **Basis for Qualified Opinion**

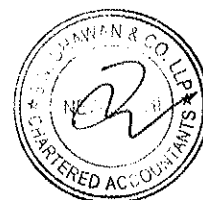
Referencing to the note no. 33 to the standalone financial statements, the Company has not recognised an income amounting to Rs. 2,750.00 Lakhs on account of compensation agreed and received subsequent to the year-end in terms of settlement agreement with its customers dated March 28, 2017 in the financial 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. Had the management recognised the said, exceptional income would have increased by Rs. 2,750.00 Lakhs. The carrying amount of other current assets would have increased by Rs. 2,475 Lakhs, net profit after tax and reserves and surplus would have increased by Rs. 1,900.25 Lakhs and deferred tax assets would have reduced by Rs. 849.75 Lakhs.

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017 and its profit and its cash flows for the year ended on that date in India.

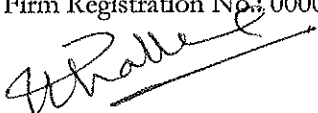
### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) Except for the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);



- e) On the basis of the written representations received from the directors as on March 31, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its standalone financial position in its financial statements- Refer Note 32 to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
  - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 43

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

  
S. K. Khattar  
Partner  
Membership No.: 084993



Place: New Delhi  
Date : May 23, 2017

## Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of JHS Svendgaard Laboratories Limited on the standalone financial statements as of and for the year ended March 31, 2017

- (i)
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - b) The Property, Plant and Equipment are physically verified by the management according to a phased programme designed to cover all items over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
  - c) According to the information and explanations given to us and the records examined by us and based on the examination of the title deeds provided to us, we report that, the title deeds of all the freehold immovable properties (which are included under the head 'Property, Plant and Equipment) are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year, except for stocks lying with a third party. For stocks lying with a third party at the year-end, written confirmations have been obtained by the management. According to the information and explanations given to us, no material discrepancies were noticed on the aforesaid verification.
- (iii) According to the information and explanations given to us, the Company has granted interest free unsecured loans, to companies covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of such loans;
- a) in our opinion the terms and conditions of grant of such loans are not, *prima facie*, prejudicial to the company's interest.
  - b) no repayment schedule has been specified and accordingly the question of regularity in repayment of principal amount does not arise. Further, as stated above these loans are interest free and repayment of interest does not arise.
  - c) in the absence of stipulated schedule of repayment of principal, we are unable to comment as to whether there is any amount which is overdue for more than 90 days and whether reasonable steps have been taken by the Company for recovery of the amount.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction covered under Sections 185. However, the Company has complied with the provisions of Sections 186 of the Act in respect of loans, investments, guarantees, and security.



- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year and had no unclaimed deposits at the beginning of the year within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)
- a) According to the information and explanations given to us, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to banks and financial institution. The Company does not have any loans or borrowings from any government or debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). The term loans raised were applied for the purposes for which they have been raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) In our opinion and according to the information and explanations given to us, managerial remuneration has been provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements as required by the applicable accounting standards.



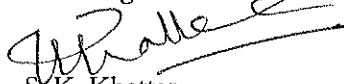
- (xiv) According to the information and explanations given to us, during the year, the Company has made preferential allotment of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed there under. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make private placement of shares/ fully/partly convertible debentures.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons. Accordingly, provisions of clause 3 (xv) of the Order are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3 (xvi) of the Order are not applicable.

**For S.N. Dhawan & Co LLP**

*(Formerly S. N. Dhawan & Co.)*

Chartered Accountants

Firm Registration No.: 000050N/N500045



S. K. Khattar

Partner

Membership No.: 084993



Place: New Delhi

Date : May 23, 2017

Annexure "B" to the Independent Auditor's Report of even date to the members of JHS Svendgaard Laboratories Limited, on the standalone financial statements for the year ended March 31, 2017

## Annexure "B"

### Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of JHS Svendgaard Laboratories Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

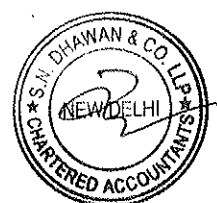
Our responsibility is to express an opinion on the Company's Internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal financial controls over financial reporting (the "Guidance Note") and the Standards on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

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

A company's Internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial



Annexure "B" to the Independent Auditor's Report of even date to the members of JHS Svendgaard Laboratories Limited, on the standalone financial statements for the year ended March 31, 2017

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

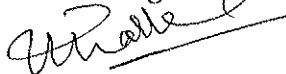
**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on Internal financial controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

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

  
S. K. Khattar  
Partner  
Membership No.: 084993



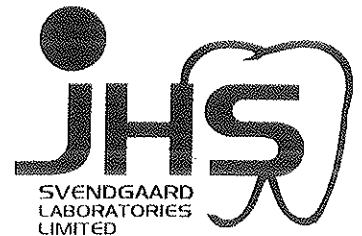
Place: New Delhi  
Date: May 23, 2017



CIN-L24230HP2004PLC027558

(Rs. in Lakhs)

S.No.	Particulars	STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2017			
		Quarter Ended		Year Ended	
		March 31, 2017 Audited	December 31, 2016 Unaudited	March 31, 2016 Audited	March 31, 2017 Audited
1	Income from operations				Previous Year Ended March 31, 2016 Audited
	(a) Net Sales	2,775.30	2,250.98	2,536.74	9,936.89
	(b) Other operating income	18.37	21.20	18.44	71.65
	<b>Total income from operations (net)</b>	<b>2,793.67</b>	<b>2,272.18</b>	<b>2,555.18</b>	<b>10,008.54</b>
2	Expenses				
	(a) Cost of materials consumed	1,559.84	1,086.99	1,734.67	6,857.90
	(b) Purchase of stock-in-trade	-	-	-	126.38
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	165.13	187.99	(22.25)	334.94
	(d) Employee benefits expense	214.44	210.90	207.31	723.12
	(e) Depreciation and amortisation expense	159.17	160.36	256.41	1,048.50
	(f) Other expenses	606.99	444.14	414.82	1,322.48
	<b>Total expenses</b>	<b>2705.57</b>	<b>2090.58</b>	<b>2590.96</b>	<b>10,413.32</b>
3	<b>Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)</b>	<b>88.10</b>	<b>181.60</b>	<b>(35.78)</b>	<b>(404.78)</b>
4	Other income	98.94	7.18	56.34	73.01
5	<b>Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 + 4)</b>	<b>187.04</b>	<b>188.78</b>	<b>20.56</b>	<b>(331.77)</b>
6	Finance costs	5.39	17.95	7.06	36.48
7	<b>Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5 - 6)</b>	<b>181.65</b>	<b>170.83</b>	<b>13.50</b>	<b>(368.25)</b>
8	Exceptional items	-	-	429.18	447.08
9	<b>Profit / (Loss) from ordinary activities before tax (7-8)</b>	<b>181.65</b>	<b>170.83</b>	<b>(415.68)</b>	<b>(815.33)</b>
10	Tax expense/(income) (refer note no. 5)	(1,679.59)	-	0.16	0.16
11	<b>Net Profit / (Loss) from ordinary activities after tax (9-10)</b>	<b>1,861.24</b>	<b>170.83</b>	<b>(415.84)</b>	<b>(815.49)</b>
12	Extraordinary item (net of Tax Expense)	-	-	1,347.32	1,347.32
13	<b>Net Profit / (Loss) for the period (11-12)</b>	<b>1,861.24</b>	<b>170.83</b>	<b>(1,763.16)</b>	<b>(2,162.81)</b>
14	Paid-up equity share capital (Face value per share Rs. 10/-)	4,412.05	4,096.50	3,763.50	3,763.50
15	Reserve excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	5,746.62
16.i	Earnings/(Loss) per share (before extraordinary items) (of Rs. 10 each) (not annualised)				
	(a) Basic (Rs.)	4.63	0.43	(1.62)	5.46
	(b) Diluted (Rs.)	3.13	0.29	(1.62)	3.70
16.ii	Earnings/(Loss) per share (after extraordinary items) (of Rs. 10 each) (not annualised)				
	(a) Basic (Rs.)	4.63	0.43	(6.86)	5.46
	(b) Diluted (Rs.)	3.13	0.29	(6.86)	3.70



CIN : L24230HP2004PLC027558



Standalone Statement of Assets and Liabilities		(Rs. In Lakhs)	
		As at	As at
Particulars		March 31, 2017	March 31, 2016
		Audited	Audited
<b>A</b>	<b>EQUITY AND LIABILITIES</b>		
1	Shareholder's funds		
	(a) Share capital	4,412.05	3,763.50
	(b) Reserves and surplus	8,605.13	5,746.62
	(c) Money received against warrants	462.28	589.46
	<b>Sub-total-Shareholders' funds</b>	<b>13,479.46</b>	<b>10,099.58</b>
2	Deferred Government Grant	12.00	15.00
3	Non-current liabilities		
	(a) Long-term borrowings	64.65	112.92
	(c) Other Long Term liabilities	-	37.54
	(b) Long-term provisions	48.13	40.51
	<b>Sub-total-Non-current liabilities</b>	<b>112.78</b>	<b>190.97</b>
4	Current Liabilities		
	(a) Short-term borrowings	0.11	15.74
	(b) Trade Payables	1,397.12	1,336.07
	(c) Other current liabilities	555.62	469.06
	(d) Short-term provisions	5.31	4.26
	<b>Sub-total-Current liabilities</b>	<b>1,958.16</b>	<b>1,825.13</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>15,562.40</b>	<b>12,130.68</b>
<b>B</b>	<b>ASSETS</b>		
1	Non-current assets		
	(a) Fixed Asset (Including CWIP)	6,571.30	6,574.35
	(b) Non-current investments	1.00	1.00
	(c) Deferred Tax Asset (Net)	1,684.87	-
	(d) Long-term loans and advances	3,262.22	1,974.94
	(e) Other non-current assets	13.35	18.05
	<b>Sub-total-Non-current assets</b>	<b>11,552.74</b>	<b>8,566.34</b>
2	Current assets		
	(a) Current investment	99.34	-
	(b) Inventories	1,072.44	931.16
	(c) Trade receivables	1,395.44	691.11
	(d) Cash and bank balance	585.87	287.84
	(e) Short-term loans and advances	613.00	433.03
	(f) Other current assets	263.57	1,219.20
	<b>Sub-total-Current assets</b>	<b>4,029.66</b>	<b>3,562.34</b>
	<b>TOTAL - ASSETS</b>	<b>15,562.40</b>	<b>12,130.68</b>



S. No.	Particulars	Quarter Ended			Year Ended March 31, 2017 Audited	Previous Year Ended March 31, 2016 Audited
		March 31, 2017 Audited	December 31, 2016 Unaudited	March 31, 2016 Audited		
		(Rs. In Lakhs)				
<b>A.</b>	<b>SEGMENT REVENUE</b>					
	i) Full Service Goods Based -Contract Manufacturer- Oral care	2,487.59	1,637.81	2,248.86	8,806.70	
	ii) Job work - Oral care and Hygiene care	67.88	129.03	-	247.16	
	iii) Manufacturing sale - Oral care	238.20	505.34	306.32	1,493.99	
	<b>Total</b>	<b>2,793.67</b>	<b>2,272.18</b>	<b>2,555.18</b>	<b>10,008.54</b>	
<b>B.</b>	<b>SEGMENT RESULTS (Profit /Loss) before tax &amp; Finance cost )</b>					
	i) Full Service Goods Based -Contract Manufacturer- Oral care (refer note no. 3)	187.04	188.78	84.04	568.31	
	ii) Job work - Oral care and Hygiene care (refer note no. 3)	-	-	(63.48)	-	
	iii) Manufacturing sale - Oral care (refer note no. 3)	-	-	-	-	
	iv) Unallocated	-	-	-	-	
	<b>Total</b>	<b>187.04</b>	<b>188.78</b>	<b>20.56</b>	<b>568.31</b>	
	less:					
	i) Finance Costs	5.39	17.95	7.06	49.59	
	ii) Exceptional items	-	-	429.18	-	
	<b>Profit/(Loss) from ordinary activities before Tax</b>	<b>181.65</b>	<b>170.83</b>	<b>(415.68)</b>	<b>518.72</b>	
<b>C.</b>	<b>CAPITAL EMPLOYED</b>					
	Equity and long term borrowings (including current maturities of long term borrowings and interest accrued and due)					
	i) Full Service Goods Based -Contract Manufacturer- Oral care (refer note no. 3)	13,208.66	10,490.28	9,743.18	13,208.66	
	ii) Job work - Oral care and Hygiene care (refer note no. 3)	-	-	-	-	
	iii) Manufacturing sale - Oral care (refer note no. 3)	-	-	-	-	
	<b>Total Capital Employed</b>	<b>13,208.66</b>	<b>10,490.28</b>	<b>9,743.18</b>	<b>13,208.66</b>	

**Notes:**

- 1 The above audited financial results are in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These were reviewed by the Audit Committee and thereafter approved and taken on record by the Board of Directors in their meeting held on May 23, 2017
- 2 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 approved preferential allotment of 34974748 fully convertible warrants of Rs.10 each at an issue price of Rs.11 per warrant. Out of this, the Company has converted 18164748 (upto March 31 2016: 13539748) fully convertible share warrants into equal number of fully paid up equity shares after receiving full issue price of Rs 11/- per warrant from the respective allottees.
- 3 Pursuant to special resolution passed in the Extraordinary General Meeting held on January 10, 2017, the Company has approved and issued on preferential basis, 1860465 nos. fully paid equity shares at an issue price of Rs.43 per share to HT Media Limited via Share Subscription Agreement dated January 25, 2017. These shares have subsequently been listed with stock exchange
- 3 The segment results & capital employed for reportable segment "Manufacturing Sale - Oral care", "Full Service Goods Based - Contract Manufacturing" and "Job Work-Oral Care" are currently not realistically ascertainable as the manufacturing process for these segments are identical. The Company is in the process of making necessary changes in the accounting software to derive relevant details related to these reportable segments.
- 4 As per the Master Settlement Agreement dated March 28, 2017 the ongoing dispute at various courts between the Company and various group companies of one of its major customers in India, have been settled with mutual consent and concluded positively for the Company. The Compensation amounting to Rs. 2750.00 Lakhs has been received by the Company subsequent to the year end in terms of the settlement agreement.
- 5 In accordance with Accounting Standard 22 'Accounting for taxes on income', the management is confident about its virtual certainty that sufficient future taxable income will be available against which such asset can be realized. During the year, the Company has based on its operational parameters and future earnings, assessed and recognized deferred tax asset on unabsorbed depreciation and carried forward business losses.
- 6 The figures of the current quarter and year ended March 31, 2017 are not comparable with previous quarter and year ended March 31, 2016 which includes the amount of "Waves Hygiene" business which had been sold under slump sale on March 21, 2016.
- 7 The figures for the last quarter ended March 31, 2017 are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the current financial year.
- 8 Figures for the previous year/ period have been regrouped and reclassified to conform with current year/ period presentation, where ever applicable.

By Order of the Board

Nikhil Nanda  
Managing Director  
DIN : 00051501



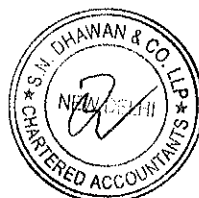
Place : New Delhi  
Date : May 23, 2017



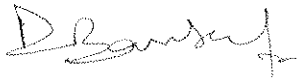
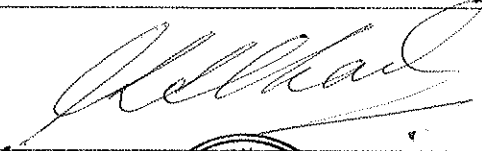


**ANNEXURE I**

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

CIN : L24230HP2004PLC027558

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017</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	10547.85	13297.85
	2.	Total Expenditure	10224.89	10224.89
	3.	Net Profit/(Loss)	2198.31	4098.56
	4.	Earnings Per Share		
		Basic (Rs.)	5.46	10.19
		Diluted (Rs.)	3.70	6.90
	5.	Total Assets	15562.40	17462.65
	6.	Total Liabilities	2545.22	2545.22
	7.	Net Worth	13017.18	14917.43
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
<b>II. Audit Qualification:</b>				
	a.	<b>Details of Audit Qualification:</b> Referencing to the note no. 33 to the standalone financial statements, the company has not recognized 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. Had the management recognized the said, exceptional income would have increased by Rs.2,750.00 Lakhs. The carrying amount of the other current assets would have increased by Rs.2475.00 lakhs, Net profit after tax & reserves & surplus would have increased by Rs.1900.25 Lakhs & deferred tax would have reduced by Rs.849.75 Lakhs.		
	b.	<b>Type of Audit Qualification :</b> Qualified Opinion		
	c.	<b>Frequency of qualification:</b> Whether appeared first time: Yes		
	d.	<b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Yes, management's estimation on the impact of audit qualification is Rs.2750 Lakhs		
	e.	<b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b> Not applicable.		
		(i) <b>Management's estimation on the impact of audit qualification:</b> Not applicable.		
		(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> Not applicable.		
		(iii) <b>Auditors' Comments on (i) or (ii) above:</b> Not applicable.		



III.	Signatories:	CIN : L24230HP2004PLC027558
	<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 23, 2017