

## Consolidated Limited Review Report

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

We have reviewed the accompanying statement of unaudited Consolidated Financial Results (the Statement) of **JHS Svendgaard Laboratories Limited** ("the Company") and its subsidiaries (collectively referred to as 'the Group') 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.

In respect of unaudited quarterly consolidated financial results, we did not review the interim financial results of two subsidiaries, included in the Statement, whose interim financial results reflect [total revenues (after eliminating intra-group transactions) Rs. 130.21 lakhs and Rs. Nil for the nine months period ended 31<sup>st</sup> December, 2017, respectively, net loss after tax (after eliminating intra-group transactions) Rs. 111.99 lakhs and Rs.0.28 lakhs for the nine months period ended 31<sup>st</sup> December, 2017 respectively. These interim financial results have been reviewed by other auditors whose review reports have been furnished to us and our report in respect thereof is based solely on the review reports of such other auditors.

### **Basis for Qualified Opinion**

Referencing to the note no. 6 to the consolidated 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 Consolidated 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*

**S. K. Khattar**

Partner

M. No. 084993



Place: New Delhi

Date: 30<sup>th</sup> January 2018





CIN-L24230HP2004PLC027558

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STATEMENT OF UNAUDITED CONSOLIDATED 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	Income from operations								
	(a) Revenue from operations (Refer note no. 8)	4,381.37	3,127.65	2,272.18	10,484.31	7,754.18			
	(b) Other income	108.17	97.26	12.76	279.85	30.25			
	<b>Total income</b>	<b>4,489.54</b>	<b>3,224.91</b>	<b>2,284.94</b>	<b>10,764.16</b>	<b>7,784.43</b>			
2	Expenses								
	(a) Cost of materials consumed	2,666.03	1,784.44	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	48.03	277.64	187.99	500.85	411.06			
	(d) Excise Duty (Refer note no. 8)	-	-	-	235.03	-			
	(e) Employee benefits expense	406.39	232.49	212.01	831.32	649.42			
	(f) Finance Costs	18.31	21.10	22.09	53.84	52.96			
	(g) Depreciation and amortisation expense	178.18	171.37	160.58	515.78	476.91			
	(h) Other expenses	759.63	483.29	440.37	1,762.07	1,212.81			
	<b>Total expenses</b>	<b>4,076.57</b>	<b>2,970.33</b>	<b>2,109.89</b>	<b>10,067.80</b>	<b>7,445.75</b>			
3	Profit / (Loss) before exceptional items and tax (1-2)	412.97	254.58	175.05	696.36	338.68			
4	Exceptional items (Refer note no.6)	0.10	(3.06)	-	2,724.25	-			
5	Profit / (Loss) before tax (3+4)	413.07	251.52	175.05	3,420.61	338.68			
6	Tax expense/(income)								
	Current Tax	11.60	-	-	13.34	-			
	Deferred Tax	153.55	76.22	-	1,082.40	-			
7	Net Profit / (Loss) for the period (5-6)	247.92	175.30	175.05	2,324.87	338.68			
8	Other comprehensive income								
(a)	-Items that will not be reclassified to profit or loss	1.35	3.39	1.10	6.09	3.30			
	-Income tax relating to items that will not be reclassified to profit or loss	(0.32)	(1.04)	-	(1.78)	-			
(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)	248.95	177.65	176.15	2,329.18	341.98			
	Net profit attributable to:								
	Owners of the Company	251.52	177.21	175.06	2,330.41	338.71			
	Non-controlling interest	(3.60)	(1.93)	(0.01)	(5.54)	(0.03)			
	Other Comprehensive Income attributable to:								
	Owners of the Company	1.03	2.28	1.10	4.24	3.30			
	Non-controlling interest	-	0.07	-	0.07	-			
	Total Comprehensive Income attributable to:								
	Owners of the Company	254.37	177.68	176.16	2,334.65	342.00			
	Non-controlling interest	(5.42)	(0.03)	(0.01)	(5.47)	(0.03)			
10	Paid-up equity share capital ( Face value per share Rs. 10/-)	6,090.05	6,090.05	4,096.50	6,090.05	4,096.50			
11	Earnings/(Loss) per share (of Rs. 10 each) (not annualised)								
	(a) Basic (Rs.)	0.45	0.34	0.45	4.22	0.86			
	(b) Diluted (Rs.)	0.41	0.29	0.30	3.81	0.57			





**Notes:**

- 1 (a) Pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has opted to publish only the consolidated financial results. Investors can view the standalone results of the Company on the Company's web site [www.svendgaard.com](http://www.svendgaard.com) or on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) or NSE ([www.nseindia.com](http://www.nseindia.com)).

Information of standalone unaudited financial results is as under:

Particulars	Quarter Ended 31st Dec 2017	Quarter Ended 30th Sep 2017	Quarter Ended 31st Dec 2016	Nine Months Ended 31st Dec 2017	Nine Months Ended 31st Dec 2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue from operation	4,303.16	3,075.65	2,272.18	10,354.10	7,754.18
Profit/(loss) before tax	503.73	326.64	175.53	3,586.82	339.71
Net Profit after tax for the period	322.36	214.88	175.53	2,439.32	339.71
Other Comprehensive income (Net)	0.95	0.93	1.10	2.81	3.30
Total Comprehensive income	323.31	215.81	176.63	2,442.13	343.01

- 1 (b) The consolidated financials results of the Company include financials of two subsidiaries namely JHS Svendgaard Brands Limited (formerly known as JHS Svendgaard Dental Care Limited) & JHS Svendgaard Mechanical and Warehouse Private Limited.
- 2 The above consolidated 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 January 30, 2018.
- 3 (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.
- 3 (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.
- 4 The Group 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.
- 5 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.
- 6 The Statutory Auditors had qualified their audit report on the consolidated 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.



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

Particulars	Quarter ended Dec. 2016	31st Dec. 2016	Nine months ended 31st Dec. 2016
Profit after tax as reported under previous IGAAP	170.35		336.05
Adjustments on account of:			
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>175.05</b>		<b>338.68</b>
Other comprehensive income	1.10		3.30
<b>Total comprehensive income as reported under Ind AS</b>	<b>176.15</b>		<b>341.98</b>

8 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 months ended 31st Dec, 2017 are not comparable with previous periods. Following additional information is being provided to facilitate such comparison.

Particulars	Quarter Ended 31st Dec 2017 (Unaudited)	Quarter Ended 30th Sep 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)	4,381.37	3,127.65	2,272.18	10,484.31	7,754.18
Less: Excise duty on sales	-	-	-	235.03	-
Sales/Income from operations (net of excise duty)	4,381.37	3,127.65	2,272.18	10,249.28	7,754.18

9 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