

INDEPENDENT AUDITOR'S REPORT

To the Members of JHS Svendgaard Laboratories Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of JHS Svendgaard Laboratories Limited (hereinafter referred to as "the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements")

Management's Responsibility for the Consolidated Financial Statements

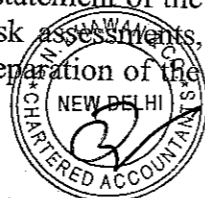
The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group, its subsidiaries as at March 31, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

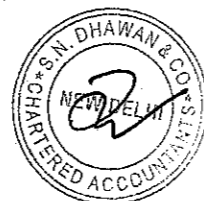
Other Matter

We did not audit the financials statements of two subsidiaries, whose financial statements reflect total assets of Rs.14,86,40,377 as at March 31,2016, total revenues of Rs Nil and net cash outflows amounting to Rs.44,483 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub sections (3) and (11) of Section 143 of the act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

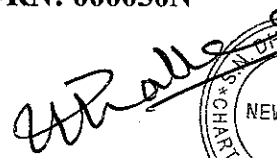
Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



- (e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2016 and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiaries companies, none of the other directors of the Group's companies is disqualified as on March 31, 2016 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 A".
- (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, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Consolidated financial statements disclose the impact of pending litigations on its financial position in its consolidated financial statements Refer note 31 to the consolidated financial statements.
 - (ii) The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies.

For **S. N. Dhawan & Co.**
Chartered Accountants
FRN: 00050N


S.K. Khattar
Partner
M. No. 084993



Place: New Delhi
Date:

ANNEXURE – “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JHS SVENDGAARD LABORATORIES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of JHS Svendgaard Laboratories Limited (hereinafter referred to as “the Holding Company”) and its subsidiary companies which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

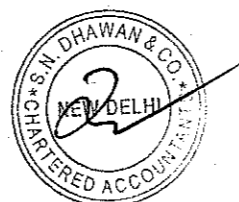
The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering 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 (“ICAI”). 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 its 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 Companies Act, 2013.

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”) issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 was 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 system 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 judgment, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control 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 the internal financial control 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 Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control 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.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For S. N. Dhawan & Co.
Chartered Accountants
FRN: 000050N



S.K. Khattar
Partner
M. No. 084993

Place: New Delhi
Date:



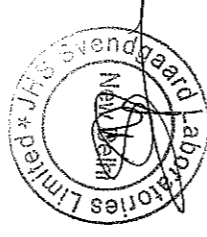
S.No.	Particulars	Quarter Ended			Year Ended		Previous Year Ended
		31/03/2016	31/12/2015	31/03/2015	31/03/2016	31/03/2015	
		Audited	Unaudited	Audited	Audited	Audited	
1	Income from operations						
	(a) Net Sales	2,536.74	2,535.49	2,073.96	9,810.51	5,444.99	
	(b) Other operating income	18.44	18.94	63.09	198.03	87.40	
	Total income from operations	2,555.18	2,554.43	2,137.05	10,008.54	5,532.39	
2	Expenses						
	(a) Cost of materials consumed	1,734.67	1,840.43	1,336.97	6,984.28	3,739.64	
	(b) Changes in inventories of finished goods, work-in-progress	(22.25)	75.20	277.32	334.94	300.29	
	(c) Employee benefits expense	207.31	194.93	142.15	723.12	579.00	
	(d) Depreciation and amortisation expense	256.52	265.56	230.58	1,048.92	1,235.56	
	(e) Other expenses	415.47	330.76	461.09	1,323.38	1,301.93	
	Total expenses	2,591.72	2,706.88	2,448.11	10,414.64	7,156.42	
3	Profit / (Loss) from operations before other income, finance costs, prior period and exceptional items (1-2)	(36.54)	(152.45)	(311.06)	(406.10)	(1,624.03)	
4	Other Income	56.34	1.81	55.94	73.01	87.14	
5	Profit / (Loss) from ordinary activities before finance costs, prior period and exceptional items (3 + 4)	19.80	(150.64)	(255.12)	(333.09)	(1,536.89)	
6	Finance costs	7.06	7.14	7.64	36.48	14.08	
7	Profit / (Loss) from ordinary activities after finance costs but before prior period and exceptional items (5 - 6)	12.74	(157.78)	(262.16)	(369.57)	(1,550.97)	
8	Exceptional items / prior period items (refer note no. 3)	429.18	(2.90)	633.78	447.08	662.30	
9	Profit / (Loss) from ordinary activities before tax (7-8)	(416.44)	(154.88)	(895.94)	(816.65)	(2,213.27)	
10	Tax expense	0.16	-	4.42	0.16	4.42	
11	Net Profit / (Loss) from Ordinary Activities after tax (9-10)	(416.60)	(154.88)	(900.36)	(816.81)	(2,217.69)	
12	Extraordinary item (net of Tax) (refer note no.4)	1,347.32	-	1,347.32	-	-	
13	Net Profit / (Loss) for the period (11-12)	(1,763.92)	(154.88)	(900.36)	(2,164.13)	(2,217.69)	
14	Minority interest	-	-	-	-	-	
15	Net Profit / (Loss) after taxes, minority interest (13-14)	(1,763.92)	(154.88)	(900.36)	(2,164.13)	(2,217.69)	
16	Paid-up equity share capital (Face value of Rs. 10/-)	3,763.50	2,409.53	2,409.53	3,763.50	2,409.53	
17	Reserve excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	-	9,550.38	
18.i	Earnings/(Loss) per share (before extraordinary items)						
	(a) Basic (Rs.)	(1.62)	(0.64)	(3.74)	(3.18)	(9.20)	
	(b) Diluted (Rs.)	(1.62)	(0.64)	(3.74)	(3.18)	(9.20)	
18.ii	Earnings/(Loss) per share (after extraordinary items)						
	(a) Basic (Rs.)	(6.87)	(0.64)	(3.74)	(8.42)	(9.20)	
	(b) Diluted (Rs.)	(6.87)	(0.64)	(3.74)	(8.42)	(9.20)	

Statement of Assets and Liabilities (Consolidated)

(Rs. In Lakhs)

Particulars	As at	
	March 31, 2016 Audited	March 31, 2015 Audited
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share capital	3,763.50	2,409.53
(b) Reserves and surplus	5,705.64	9,550.38
(b) Money Received against share warrants	589.46	
Sub-total-Shareholders' funds	10,058.60	11,959.91
2 Deferred Government Grant	15.00	18.00
3 Non-current liabilities		
(a) Long-term borrowings	112.92	10.63
(b) Other Long Term liabilities	37.54	75.07
(c) Long-term provisions	40.51	37.82
Sub-total-Non-current liabilities	190.97	123.52
4 Current Liabilities		
(a) Short-term borrowings	25.43	1,856.03
(b) Trade payables	1,336.07	1,169.19
(c) Other current liabilities	469.34	1,861.73
(d) Short-term provisions	4.26	3.97
Sub-total-Current liabilities	1,835.10	4,890.92
TOTAL - EQUITY AND LIABILITIES	12,099.67	16,992.35
B ASSETS		
1 Non-current assets		
(a) Fixed assets	6,577.82	10,791.95
(b) Long-term loans and advances	1,937.48	1,930.62
(c) Other non-current assets	18.05	7.65
Sub-total-Non-current assets	8,533.35	12,730.22
2 Current assets		
(a) Inventories	931.16	901.27
(b) Trade receivables	691.11	2,525.50
(c) Cash and bank balance	288.18	97.53
(d) Short-term loans and advances	436.08	212.78
(e) Other current assets	1219.79	525.05
Sub-total-Current assets	3,566.32	4,262.13
TOTAL - ASSETS	12,099.67	16,992.35





S. No.	Particulars	SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED (Consolidated)						(Rs. in Lakhs)	
		31/03/2016		Quarter Ended		Year Ended		Previous Year Ended	
		Audited	31/12/2015 Unaudited	31/03/2015 Audited	31/03/2016 Audited	31/03/2015 Audited	31/03/2016 Audited	31/03/2015 Audited	31/03/2016 Audited
A.	SEGMENT REVENUE								
	i) Full Service Goods Based -Contract Manufacturer- Oral care	2,248.86	2,354.28	2,009.43	9,037.99	4,901.87			
	ii) Job work - Oral care and Hygiene care (Refer note 4)	-	-	-	-	-			
	iii) Marketing & Distribution	-	-	-	-	-			
	iv) Dental Care Clinics	-	-	-	-	-			
	v) Manufacturing sale - Oral care	306.32	200.15	127.62	970.55	630.52			
	Total	2,555.18	2,554.43	2,137.05	10,008.54	5,532.39			
B.	SEGMENT RESULTS (Profit before tax & finance cost)								
	i) Full Service Goods Based -Contract Manufacturer- Oral care	84.04	(78.06)	(129.00)	(13.13)	(1,152.19)			
	ii) Job work - Oral care and Hygiene care (refer note no.4)	(63.48)	(75.31)	(113.97)	(300.75)	(371.44)			
	iii) Marketing & Distribution	(0.24)	(0.03)	(0.19)	(0.36)	(0.33)			
	iv) Dental Care Clinics	(0.52)	(0.14)	(2.80)	(0.95)	(3.78)			
	v) Manufacturing sale - Oral care (Refer note 7)	-	-	-	-	-			
	vi) Unallocated	-	2.90	-	(17.90)	-			
	Total	19.80	(150.64)	(245.96)	(333.09)	(1,527.74)			
	less:								
	i) Finance Costs	7.06	7.14	7.04	36.48	14.08			
	ii) Prior period items	-	-	9.16	-	9.16			
	iii) Exceptional items	429.18	(2.90)	633.78	447.08	662.30			
	Profit/(Loss) from ordinary activities before Tax	(416.44)	(154.88)	(895.94)	(816.65)	(2,213.27)			
C.	CAPITAL EMPLOYED								
	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	9,743.18	9,581.14	9,738.74	9,743.18	9,738.74			
	ii) Job work - Oral care and Hygiene care (refer note no.4)	-	217.34	455.43	-	455.43			
	iii) Marketing & Distribution	-	1,932.57	1,816.02	-	1,816.02			
	iv) Dental Care Clinics	-	-	-	-	-			
	v) Manufacturing sale - Oral care (Refer note 7)	-	-	-	-	-			
	Total Capital Employed	9,743.18	11,731.05	12,010.19	9,743.18	12,010.19			

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 or on the website of BSE (www.bseindia.com) or NSE (www.nseindia.com).

JHS SVENDGAARD LABORATORIES LIMITED

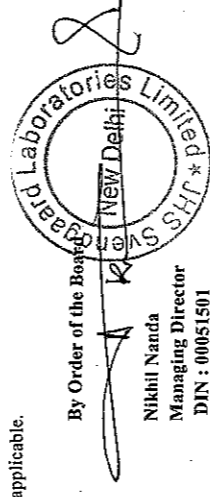
Regd. Office: Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, Distt. Sirmour, Himachal Pradesh - 173030, INDIA

Information of standalone audited financial results is as under:

Particulars	Quarter Ended				Year Ended 31/03/2016 Audited	Previous Year Ended 31/03/2015 Audited
	31/03/2016	31/12/2015	31.03.2015	31/03/2016		
	Audited	Unaudited	Audited	Audited		
Revenues	2,555.18	2,554.43	2,137.05	10,008.54	5,532.39	
Profit/(loss) before tax from ordinary activities	(415.68)	(154.72)	(893.30)	(815.33)	(2,209.50)	
Profit/(loss) after tax after extraordinary item	(1,763.16)	(154.72)	(897.72)	(2,162.81)	(2,213.92)	

- 1(b) The consolidated financials results of the Company include financials of two subsidiaries namely JHS Svendgaard Dental Care limited & JHS Svendgaard Mechanical and Warehouse Private Limited.
- 2 The above audited 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 May 26, 2016
- 3 During the year the Management has carried out a detailed exercise to identify fixed assets which were not in active use and were lying idle. As a result, fixed assets having gross value and written down value of Rs.1196.15 lacs and Rs.433.56 lacs respectively were identified as on March 31, 2016. Consequently these assets have been classified under the head "Other Current Assets" as assets held for sale/disposal at a estimated realisable value of Rs.4.39 lacs. Therefore, loss of Rs.429.18 lacs has been charged to the statement of profit and loss shown as exceptional item.
- 4 The Company has entered into a Business Transfer Agreement (BTA) on March 21, 2016 with Avalon Cosmetics Private Limited to sell/transfer one of its undertakings known as "Waves Hygiene Products" on a 'slump sale' basis for a lump sum consideration without values being assigned to individual assets and liabilities. The agreed total consideration for sale of undertaking under slump sale was Rs.1623.00 lacs against the net assets value of Rs. 2972.32 lacs as on 21st March 2016. Consequently, loss of Rs.1347.32 lacs has been charged to the statement of profit and loss shown as an extraordinary item.
- 5 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 34,974,748 fully convertible warrants of Rs.10 each at an issue price of Rs.11 per warrant. During the quarter, the Company has converted 32,80,000 on January-05, 2016 and 10,259,748 on March 03, 2016 fully convertible share warrants (out of total 34,974,748 share warrants) 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. The shares allotted by the Company on March 03, 2016 were listed on April 18, 2016.
- 6 During the year, the Company has sold its investment of one share valuing Rs.10.88 lacs in a foreign subsidiary namely Jones H Smith FZE, U.A.E at a consideration of Rs. 11.00 lacs.
- 7 The segment results & capital employed for reportable segment "Manufacturing Sale - Oral care" and "Full Service Goods Based - Contract Manufacturing" 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.
- 8 In accordance with Accounting Standard 22 'Accounting for Taxes on Income' in view of recurring losses and in absence of reasonable certainty, the Company has not recognized deferred tax assets amounting to Rs.1930.96 lacs during the year ended on March 31,2016. Further, there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized, as the Company is enjoying tax benefit under section 80-IC of the Income Tax Act, 1961. Therefore no deferred tax assets have been recognized on brought forward business losses and unabsorbed depreciation during the year ended on March 31, 2016. Consequently, the net deferred tax assets/liability as at March 31, 2016 is Nil.
- 9 The figures for the quarter ended March 31, 2016 & March 31, 2015 are the balancing figures between audited figures for the full financial year and the reviewed year to date figures for nine months ended December 31, 2015 & December 31, 2014 respectively.
- 10 Potential equity shares (money received against share warrants) are anti-dilutive hence not been considered for calculation of diluted EPS.
- 11 Figures for the previous year/ quarter have been regrouped and reclassified to conform with current year/ quarter presentation, where ever applicable.

Place : New Delhi
Date : 26-05-2016



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