

# **S.N.Dhawan & CO**

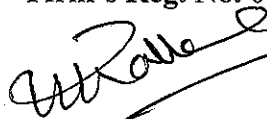
Chartered Accountants

## **Standalone Limited Review Report**

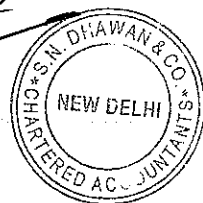
**To the Board of Directors  
JHS Svendgaard Laboratories Limited**

1. We have reviewed the accompanying statement of unaudited Standalone Financial Results of **JHS Svendgaard Laboratories Limited** for the quarter and nine months ended December 31, 2015. 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 these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (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 company personnel and an analytical procedure 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.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards 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 including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. Without Qualifying our opinion we draw attention to:
  - i) Non provision of tax and deferred tax (Refer Note no. 4).  
The necessary adjustments for the aforesaid matter will be considered at the end of financial year.

For S. N. Dhawan & Co.  
Chartered Accountants  
Firm's Reg. No. 000050N



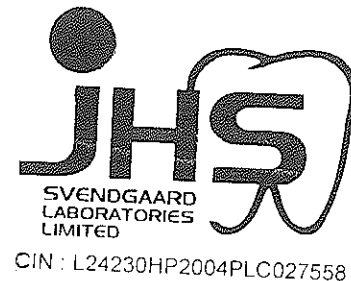
S. K. Khattar  
Partner  
M. No. 084993



Place:- New Delhi  
Date:- February 11, 2016

**JHS SVENDGAARD LABORATORIES LIMITED**

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



CIN-L24230HP2004PLC027558

**STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31-12-2015** (Rs. / Lakhs)

S.No.	Particulars	Quarter Ended		Nine Months Ended		Previous Year Ended
		31-12-2015	30-09-2015	31-12-2014	31-12-2015	
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from operations					
	(a) Net Sales	2,535.49	2,540.01	1,304.71	7,273.77	5,444.99
	(b) Other operating income	18.94	25.48	6.56	179.59	87.40
	<b>Total income from operations</b>	<b>2,554.43</b>	<b>2,565.49</b>	<b>1,311.27</b>	<b>7,453.36</b>	<b>5,532.39</b>
2	Expenses					
	(a) Cost of materials consumed	1,840.43	1,800.61	852.96	5,249.61	3,739.64
	(b) Changes in inventories of finished goods, work-in-progress and traded goods	75.20	90.38	70.72	357.19	300.29
	(c) Employee benefits expense	194.93	175.31	135.24	515.81	579.00
	(d) Depreciation, amortisation and impairment expense	265.46	264.59	322.57	792.09	1,234.63
	(e) Other expenses	330.70	311.41	259.35	907.66	1,297.84
	<b>Total expenses</b>	<b>2,706.72</b>	<b>2,642.30</b>	<b>1,640.84</b>	<b>7,822.36</b>	<b>7,151.40</b>
3	<b>Profit / (Loss) from operations before other income, finance costs, prior period and exceptional items (1-2)</b>	<b>(152.29)</b>	<b>(76.81)</b>	<b>(329.57)</b>	<b>(369.00)</b>	<b>(1,619.01)</b>
4	Other Income	1.81	2.79	3.15	16.67	85.89
5	<b>Profit / (Loss) from ordinary activities before finance costs, prior period and exceptional items (3+4)</b>	<b>(150.48)</b>	<b>(74.02)</b>	<b>(326.42)</b>	<b>(352.33)</b>	<b>(1,533.12)</b>
6	Finance costs	7.14	15.50	0.90	29.42	14.08
7	<b>Profit / (Loss) from ordinary activities after finance costs, before prior period and exceptional items (5-6)</b>	<b>(157.62)</b>	<b>(89.52)</b>	<b>(327.32)</b>	<b>(381.75)</b>	<b>(1,547.20)</b>
8	Exceptional items / prior period items	(2.90)	2.60	17.80	17.90	662.30
9	<b>Profit / (Loss) from ordinary activities before tax (7-8)</b>	<b>(154.72)</b>	<b>(92.12)</b>	<b>(345.12)</b>	<b>(399.65)</b>	<b>(2,209.50)</b>
10	Tax expense					
11	<b>Net Profit / (Loss) from ordinary activities after tax (9-10)</b>	<b>(154.72)</b>	<b>(92.12)</b>	<b>(345.12)</b>	<b>(399.65)</b>	<b>4.42</b>
12	Extraordinary item					
13	<b>Net Profit / (Loss) for the period (11-12)</b>	<b>(154.72)</b>	<b>(92.12)</b>	<b>(345.12)</b>	<b>(399.65)</b>	<b>(2,213.92)</b>
14	Paid-up equity share capital	2,409.53	2,409.53	2,409.53	2,409.53	2,409.53
15	Reserve excluding revaluation reserves as per balance sheet of previous accounting year					7,774.02
16.i	<b>Earnings/(Loss) per share (before extraordinary items)</b>					
	(a) Basic	(0.64)	(0.38)	(1.43)	(1.66)	(9.19)
	(b) Diluted	(0.64)	(0.38)	(1.43)	(1.66)	(9.19)
16.ii	<b>Earnings/(Loss) per share (after extraordinary items)</b>					
	(a) Basic	(0.64)	(0.38)	(1.43)	(1.66)	(9.19)
	(b) Diluted	(0.64)	(0.38)	(1.43)	(1.66)	(9.19)

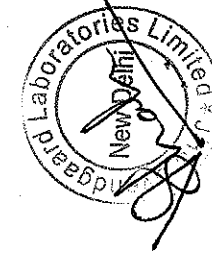
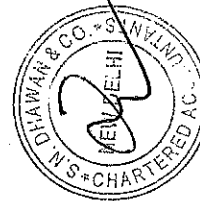


**JHS SVENDGAARD LABORATORIES LIMITED**

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

**SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED**

S. No.	Particulars	Quarter Ended				Nine Months Ended	Previous Year Ended
		31-12-2015		31-12-2014			
		Unaudited	30-09-2015	Unaudited	31-12-2014		
<b>A.</b>	<b>SEGMENT REVENUE</b>						
	i) Full Service Goods Based -Contract Manufacturer- Oral care	2,450.83	2,369.80	1,161.23	6,972.82	2,892.44	4,901.87
	ii) Job work - Oral care and Hygiene care	-	-	-	-	-	-
	iii) Manufacturing sale - Oral care	200.15	282.83	150.04	664.23	502.90	630.52
	<b>Total</b>	<b>2,650.97</b>	<b>2,652.63</b>	<b>1,311.27</b>	<b>7,637.05</b>	<b>3,395.34</b>	<b>5,532.39</b>
	Less	96.55	87.14	-	183.69	-	-
	<b>Net Revenue</b>	<b>2,554.43</b>	<b>2,565.49</b>	<b>1,311.27</b>	<b>7,453.36</b>	<b>3,395.34</b>	<b>5,532.39</b>
<b>B.</b>	<b>SEGMENT RESULTS (Profit/(Loss) before tax &amp; Finance cost)</b>						
	i) Full Service Goods Based -Contract Manufacturer- Oral care	(75.17)	(10.16)	(264.50)	(115.06)	(1,051.69)	(1,814.82)
	ii) Job work - Oral care and Hygiene care	(75.31)	(63.86)	(79.72)	(237.27)	(257.47)	(371.44)
	iii) Manufacturing sale - Oral care (Refer note 3)	-	-	-	-	-	-
	iv) Unallocated	2.90	(2.60)	-	(17.90)	-	-
	<b>Total</b>	<b>(147.58)</b>	<b>(76.62)</b>	<b>(344.22)</b>	<b>(370.23)</b>	<b>(1,309.16)</b>	<b>(2,186.26)</b>
	less:						
	i) Finance Costs	7.14	15.50	0.90	29.42	7.04	14.08
	ii) Prior period items	-	-	-	-	-	9.16
	<b>Total Profit/(Loss) before Tax</b>	<b>(154.72)</b>	<b>(92.12)</b>	<b>(345.12)</b>	<b>(399.65)</b>	<b>(1,316.20)</b>	<b>(2,209.50)</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	9581.14	9,664.47	4859.03	9581.14	4859.03	9,738.74
	ii) Job work - Oral care and Hygiene care	217.34	292.65	561.55	217.34	561.55	455.43
	iii) Manufacturing sale - Oral care (Refer note 3)	-	-	-	-	-	-
	<b>Total Capital Employed</b>	<b>9,798.48</b>	<b>9,957.12</b>	<b>5,420.58</b>	<b>9,798.48</b>	<b>5,420.58</b>	<b>10,194.17</b>



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Notes:

1 The above financial results were reviewed by the Audit Committee and thereafter approved and taken on record by the Board of Directors in their meeting held on February 11, 2016. The same have been reviewed by the Statutory Auditors of the Company as required under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2 The Auditors had qualified their audit report on the financial statements of the Company for the year ended March 31, 2015 in respect of the following matters:

In earlier years the Company had acquired substantial tangible fixed assets to carry out contract manufacturing for a major customer. Such major customer has not renewed/terminated the contract resulting in some idle fixed assets. This and other internal factors indicate that the part of tangible fixed assets comprising plant & machinery which are carried in the books at a written down value of Rs 31,86,11,888 (Previous year Rs. 35,43,87,177) may be impaired. However, the management has not carried out any testing for impairment as required by Accounting Standard (AS) 28 "Impairment of Assets". Therefore, we are unable to comment on the necessity or otherwise to provide for an impairment loss in respect of these tangible assets as required by AS 28. The effect of the non provision of impairment loss on assets, if any, cannot be quantified.

### Reply of Management on the above Qualifications :-

One of the major customer of the Company has wrongfully decided not to renew / terminate the contracts across all the business segments due to which certain assets got idle. However, in order to safeguard the interest of the shareholders, the Company has been pursuing litigation and has sought specific performance of the contract as well, against these arbitrary and unjust acts of the multinational company. Taking cognizance of the various circumstances regarding such assets, the management of the company is currently of the view that as the assets are in need of substantial overhauling, which will be feasible only in case of any tie up with any customer in order to gainfully employ such assets. The management is also under the process of evaluating various options available to it, thus the management can not consider impairment at this stage.

3 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.

4 Provision for tax & deferred tax, if any, will be made at the end of financial year.

5 The board of directors in their meetings held on 05th & 08th January 2016 approved preferential allotment of 34974748 fully convertible warrants of Rs 10 each at an issue price of Rs 11 per warrant. Consequently the company has also converted 3280000 fully convertible warrants (out of 12674748 warrants issued on 5th January, 2016) into the equal number of fully paid Equity Shares on 5th January 2016 after receiving of the full issue price of Rs. 11 per warrant from the respective allottees.

6 Figures for the previous period have been regrouped and reclassified to conform with current period/ year presentation, where ever applicable.

Place : New Delhi  
Date : 11-02-2016

