Tough times don't last.

Tough people do.

JHS Svendgaard Laboratories Limited

7th Annual Report 2010-11

CONTENTS

"After every failure we ask ourselves, do we still believe in our vision? If we have

con
vic
tion,

that gives us energy."

- Jeff Bezos, CEO Amazon

When the going gets tough...

Managers plan for de-growth. Capacity expansions are staggered. Pessimism marks business plans. Market-widening initiatives are attacked. The CFO becomes *de facto* CEO. Business plans start with 'umm' and end with 'let's see'. Office tea becomes a chargeable perquisite. The cash box echoes.

...the tough get going

He whistles to work. Stays fit. Thinks lateral. Analyses options. Tells the world that 'things will soon be better'. Finds new ways of doing old things. Makes the rupee last longer. Starts drawing business plans as if nothing has happened. Makes every minute count. Goes out and meets customers.

6 months later…

BEN HOGAN SUFFERED A HEAD-ON CAR ACCIDENT IN THE LATE FORTIES. LEFT COLLARBONE FRACTURE. Left ankle snapped. Internal organs damaged. Face smashed. Left eye vision diminished. His golfing career was considered over. Amazingly, Hogan returned. Almost won the first tournament he played. Won the US Open six months later. Reduced his schedule to six tournaments a year for two years. Won eight tournaments including five majors. Underlining the conviction that one isn't defeated until the mind says 'I give up'.

Things got tough. But we fortified our resolve.

It would be easy to lose one's optimism when factors beyond one's control interrupt a carefully-constructed business plan.

At JHS Svendgaard, the reverse happened. In 2010-11, we looked inward, identified opportunities, climbed to global benchmarks and emerged stronger.

- We raised in-plant operations to match stringent FDA standards.
- We raised process reliability above industry standards (75% at making stage against a 60-65% industry benchmark, and 90% at the packing stage against an 80-85% industry benchmark).
- We reduced in-process wastage to global standards.
- We implemented ERP across the Company, resulting in informed decision making
- We increased production efficiency through a novel mould-changing approach.
- We commenced our laundry products unit and sustained 100%-plus utilisation within six months of commissioning.

At JHS Svendgaard, we are taking this initiative ahead through capacity modification towards premium products in 2011-12.


dense
Brace
Toughen
Prepared
equipped
potency
Strength
force
Reinforce
Buttress
Firm up
Geared up


Reach
Call
explore
Contact
Correspond
Communicate
Search
value
Match up
Correspondence
alliance
worldwide
speak
Respond
Hear

4 months later…

THREE FINGER-ENDS AND ONE THUMB WERE AMPUTATED. THEREAFTER, THE AMPUTATED FINGERS WERE reshaped to look like fingers. The fingertips had lost their sensitivity; picking up a needle or twisting a nut onto a small bolt took hours. But, advertiser Mark Horn still had ten fingers! The surgeon forbade trips to the Far North. Or expose hands to extreme cold for two years. Four months later, Mike Horn set out to travel around the Arctic Circle

Offtake declined. We kept talking to our customers.

During the course of 2010-11, when our business volumes declined (key toothbrush clients reduced their offtake), it would have been easy to sulk and blame the world.

At JHS Svendgaard, we responded by going back to our customers to appraise their business appetite and opportunities.

- We reached out to five prospective clients - global and domestic.
- We added four new clients in 2010-11.
- We successfully renewed contracts with two clients.
- We initiated supplies to P&G, with the promise to develop one product in 2010-11.
- We entered into new alliances with global brands; we supplied 14 SKUs.

At a time when most people did not feel that client addition was possible, we added four clients in the toothbrush segment, raising plant utilisation from 65% in 2010-11 to a projected 85% in 2012-13.

28 years ago

DEAN DU PLEISS BROADCASTS ON CRICKET ON RADIO AND TELEVISION IN FLAWLESS ENGLISH, FINE KNOWLEDGE, smooth delivery and perceptible authority. Amazingly, Dean du Pleiss was born blind. Interestingly, du Pleiss is able to tell a shot from the sound made by the ball on the bat; he identifies the delivery from the way the batsman plays the shot. He can also identify the bowler by the way he lands his feet on the deck. And to think that the man was born with a handicap!

Most apologise through a slowdown. We retained our optimism.

Normally, when a single-product business slows, the general corporate response starts with "We are sorry to report that in 2010-11…"

At JHS Svendgaard, we embarked on a number of initiatives so that we could soon be in a position to state "We are delighted that ….."

- We commenced our laundry products unit in 2010-11 with an output higher than rated capacity in 2011-12.
- We expect to commission two business segments – toothpaste (on the shopfloor) and cosmetics (on the drawing board).
- We devised toothpaste formulations; these are at an advanced approval stage with leading global FMCG players.
- We are engaged in a dialogue with leading global dental care players for the manufacture of mouthwash and toothpaste.
- We plan to invest ₹50-60 crore in existing and new business verticals in 2011-12 and 2012-13.

In doing so, we expect to grow from a single product organisation in 2010-11 to four verticals by 2013-14 reconciling high-volume and high-growth on the one hand with growing opportunities in the toothbrush, toothpaste, laundry product and cosmetic segments on the other.


Cheerful
focused
Bright Buoyancy
positive
Confidence
growth
possibility
research
agile
charged
perspective
prospect
creative
analyse
undertake

The corporate

At JHS, we make the world smile.

JHS Svendgaard is India's largest integrated manufacturer of oral care products.

The Company offers a one-stop shop solution for oral care products (toothbrushes, toothpastes, mouthwash, whitening gels, and denture products) for national and global FMCG brands. The Company also manufactures laundry products for a global FMCG brand.

The Company is the only one in the world to manufacture toothpaste and toothbrushes in the same premises, reconciling completely different manufacturing competencies – mechanical and chemical – under one roof.

The Company (established in 1994) is headed by Mr. Nikhil Nanda and supported by a 350-member team, managing manufacturing operations at four ISO-certified units spread across Noida SEZ (Uttar Pradesh) and Kala Amb (Himachal Pradesh)

The Company's equity shares are listed on the Bombay and National Stock Exchanges and is headquartered in New Delhi, India.

Highlights 2010-11

Smiles.
Add value to your face and strength to our performance

Revenue growth

86.54%

₹68.45 crore	₹127.69 crore
2009-10	2010-11

EBIDTA growth

54.42%

₹16.04 crore	₹24.77 crore
2009-10	2010-11

Profit after tax

55.76%

₹8.07 crore	₹12.57 crore
2009-10	2010-11

Cash profit growth

72.25%

₹12.22 crore	₹21.05 crore
2009-10	2010-11

On the shop floor
- Initiated the production of Tide detergent for P&G
- Reduced raw material and process wastage to match global standards

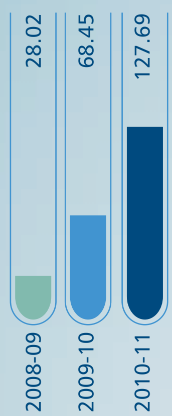
In the market place
- Acquired four clients in existing business segments
- Grew sales volumes in all business segments
- Launched Infectiguard in India
- Launched three new T-32 dental clinics

In the Board room
- Initiated the amalgamation of JHS Svendgaard Hygiene Products and Waves Hygiene Products with JHS Svendgaard Laboratories Limited
- Allotted 25,00,000 equity shares to Tano Mauritius India FVCI at ₹97.75
- Received ₹5 crore from Mr. Nikhil Nanda following the allotment of equity shares on a preferential basis
- Proposed a dividend of ₹0.75 per share for 2010-11

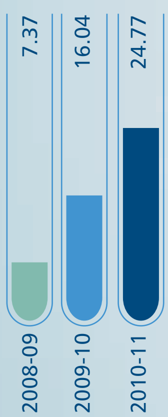
Post-balance sheet development (upto September 2011)
- Initiated the production of Oral B toothbrushes for P&G
- Entered into an alliance with Amway, a global FMCG player, to manufacture toothbrushes
- Entered into an alliance with Dr. Fresh, a US-based FMCG brand, to manufacture toothbrushes

Growing smiles is a good business

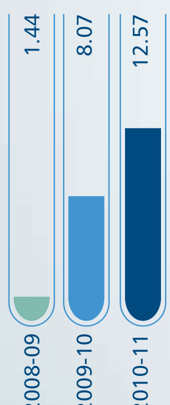
Net sales
(₹ crore)



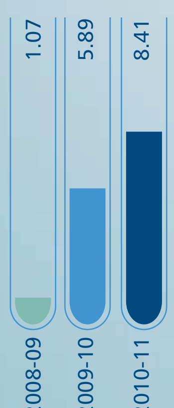
EBIDTA
(₹ crore)



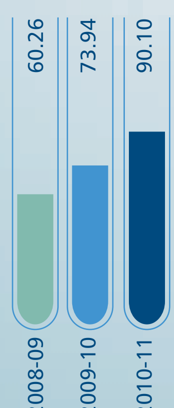
Profit after tax
(₹ crore)



Earning per share (₹)



Book value
(₹)



Sustaining your smiles with our strengths

16 Experience (in years) in manufacturing oral care products

35 Number of clients including reputed FMCG brands (global and Indian).

5 Average contract tenure (in the minimum number of years) with each client across various product categories

5 Number of business segments stating the Company's presence, and hence reflecting business diversity

4 Number of manufacturing units leading to attractive economies of scale and ability to cater to growing demand

0 The number of clients lost due to customer attrition in the Company's history

0.33 The Company's gearing (March 31, 2011)

10 The number of years the Company is entitled to sales tax and excise exemption by virtue of being located in Himachal Pradesh (not available to new establishments post March 31, 2010)

10-12 The number of members on the Company's rolls resulting in strong R&D capability and the development of first-time products for leading FMCG clients

The tough times drew the best out of us.

Mr. Nikhil Nanda, Managing Director and CEO, explains why the Company's performance will get better

Dear shareholders,

10-11 was our toughest year ever. The initial euphoria of a three-digit growth in the bottomline in the first quarter (against the corresponding period in the previous year) yielded to a 175% decline in our bottomline by the fourth quarter of 2010-11 against the corresponding period in 2009-10.

The result was that we reported an ₹1.35 crore loss in Q1/2011-12 and our market capitalisation declined from ₹105 crore as on March 31, 2010 to ₹57 crore as on July 31, 2011.

The singular reason for this decline was an unprecedented rise in input prices – the first such instance in 15 years. Despite quarterly price reviews with

Vision

To be the preferred private label supplier of oral care product for national as well as global brands and to be the most affordable brand for domestic consumers with reach to one and all

Mission

- Constantly driving innovations in our products leading to their mass appeal
- Committed to customer delight by combining affordable pricing with best quality
- Increasing awareness for oral hygiene through products, services and media campaigns

customers, we were unable to pass on the entire increase. We took a strategic business call and took a hit on our margins and profits, rather than risk the prospect of losing clients.

Having decided this, the entire team at the Company gave more than their 100% to minimise the extent of the loss. The capacity utilisation of our toothbrush unit improved significantly; our laundry facility reached optimum capacity utilisation; we upgraded our processes in line with global benchmarks.

Silver lining

There are a number of reasons why one is optimistic of our prospects:

- Tano Mauritius took a 14.6% stake in our Company for ₹24.44 crore
- We commenced the manufacture of 'Shiny Clean' brand toothbrushes, a sub-segment of the Oral B family
- We added large global FMCG brands to our client list which will help us completely utilise spare toothbrush capacity from a prevailing 70%
- We operated our laundry product facility at more than 100% capacity in the second quarter of 2011-12.

The private equity funding in February 2011 was an important event in 2010-11, a confidence-enhancing watermark. We invested these funds in procuring moulds and other equipment for making toothbrushes for global FMCG brands; this investment will yield results over 12-18 months.

Sectoral optimism

We are optimistic about the future, which is reinforced by sectoral forecasts from credible sources, our edge and our preparedness. This is our case: The penetration of modern oral care products in India is low (toothbrushes 48.6% and toothpastes 72.3%). The percentage of people brushing their teeth twice a day in India is estimated at only 7% compared with 61% in China.

Increasing income and oral hygiene awareness are expected to correct this mismatch. India's oral care product market recorded a double-digit growth over the last five years, a trend expected to sustain. Interestingly, toothpaste penetration in rural India is only 42% against 77% in urban India. The government's linking of the MGNREGA payment with WPI will enhance rural earnings.

Indian market skew: Globally, oral care markets are dominated by 4-5 brands, two holding around 30% share each. However, the Indian market is dominated by Colgate (55% market share) creating room for a large second player.

Key partner: India remains hugely under-penetrated with only about a third of its citizens being P&G consumers – an average Indian spends less than US$1 on P&G products annually against about US$100 in the United States, US$ 20 in Mexico and more than US$3 in China. Any reduction of this divide will create a huge opportunity for private label manufacturers in general and for JHS in particular.

The price factor: Our inputs are linked

Growth drivers in 2011-12

- Full year of operation of the laundry products unit
- Toothpaste unit to commence operation in 2012-13
- Toothbrush supplies initiated to global FMCG clients added in the early part of the current year will exponentially increase business volumes

to global crude prices. The economic crisis in Europe and the US has stabilised global oil prices at US$ 100 per barrel and this is expected to sustain.

Our unique edge

We set up huge capacities in 2008, but the recession prevented us from optimally utilising them. What worked in our favour was that with the economic reversal in India, the sunset clause set in on March 31, 2010 for tax-free zones, staggering prospective capacity expansion. The result is that we are now the only facility in tax-free zones during the sunset period with a large capacity to service growing demand.

In January 2011, the government clarified that units already working in those areas before March 31, 2010 can undertake expansions in products being manufactured. This means that we can enjoy tax benefits for nine years for any capacity increase that we wish to undertake.

Interestingly, most of our competitors (including some principals) established their facilities in 2005-06 because the original sunset clause was in 2007 (later extended to 2010); their tax benefits end by 2015.

If we embark on capacity expansions (assuming a 12-18 month set-up gestation), we can enjoy tax benefits for about eight years, while others would enjoy fiscal sops on expanded capacity for only 24-30 months.

Business expansion

We are moving ahead with additional capacities in existing businesses for two reasons:

- Our new business alliances in 2010-11 and 2011-12 will completely consume existing capacities
- The fiscal sops on the expanded capacity for a longer period will act as a significant draw for FMCG brands to partner with us

We invested in a 5.17-acre land parcel adjacent to our existing facility. As a start, we will create warehousing facilities, which will be utilised for manufacturing operations over the medium term. We expect this new capacity (primarily toothbrushes) to commence operations in about 15-18 months.

We are also working on the possibility of entering the cosmetics space in line with customer requirements.

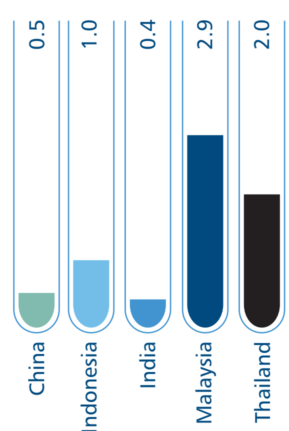
Message to shareholders

A sizable investment has gone into the Company and the time to reap benefits is round the corner. The worst is behind us and we resolve to strengthen shareholder value with each passing year.

Warm regards,

Nikhil Nanda
Managing Director and CEO

Toothpaste - per capita consumption (in US$)



Piecing it together

JHS is in the process of amalgamation with two entities JHS Svendgaard Hygiene Products and Waves Hygiene Products w.e.f. March 31, 2010.

JHS Svendgaard Laboratories Ltd.

Products: Toothbrushes, toothpaste, denture products

Key clients: Dabur, Himalaya, Apollo Hospitals, Pantaloon Retail, Lavoris, Wal-Mart, Safedent, Patanjali and P&G

JHS will issue 158 fully paid equity shares of ₹10 each for every 100 shares of ₹10 held in JSHPL

JHS will issue 1,792,746 equity shares of ₹10 each to partners of WHP in their capital contribution ratio

JHS Svendgaard Hygiene Products Ltd. (JSHPL)

Products: Detergents

Key clients: Several MNCs

Waves Hygiene Products (WHP)

Products: Toothpaste

Key clients: Several MNCs

The merger will help the Company consolidate resources and optimally utilise available assets. The merger will enable the Company to evolve from an oral care contract manufacturing company to one of India's leading FMCG contract manufacturer companies.

Business segments

Segment	Overview	Capability	A step above
Toothbrush	■ Kala Amb, Himachal Pradesh ■ 300 million units per annum	With 43 molding machines, the Company can provide 37 toothbrush designs	■ Against a specified end-rounding of 50% for toothbrush bristles, the Company provided 80%. ■ Bristle fitting in toothbrush handles possesses a pull load of about 2.4-2.6 kg against the mandated 2 kg ■ World's ninth-largest toothbrush manufacturer. ■ Enjoys almost 25% share of India's toothbrush market
Toothpaste	■ Kala Amb, Himachal Pradesh ■ 21,600 TPA	Product range includes white fluoridated, gel- based, medicated and striped toothpastes. The Company has in-house efficacy and stability testing facilities	■ Lavoris, a 100-year toothpaste brand in the US, is currently manufactured and exported by JHS ■ JHS is the only outsourcing partner for a leading global FMCG brand in India ■ Setting up India's modern toothpaste manufacturing facility with a 21,600 MT capacity to commence operations from Q4/2011-12 ■ Many retail outfits as private label customers
Laundry products	■ Tehsil Nahan, District Sirmour - Himachal Pradesh ■ 5,500 tonnes per month	The detergent will be available in all existing SKUs and special SKUs (6 kg; 850 gm and 13 gm) exclusively for the Indian market	■ Fully automated plant installed by our business partner which eliminates any human touch with the product ■ The only outsourcing partner for its customer in India
Mouthwash	■ Tehsil Nahan, District Sirmour - Himachal Pradesh ■ 5,500 tonnes per month	The detergent will be available in all existing SKUs and special SKUs (6 kg; 850 gm and 13 gm) exclusively for the Indian market	■ Fully automated plant installed by our business partner which eliminates any human touch with the product ■ The only outsourcing partner for its customer in India

Customers
P&G Dabur Dr. Fresh Cipla Himalaya Healthcare Patanjali Ayurveda Apollo Pharmacy Elder Healthcare Dynarex Corporation Bharti Walmart Spencers
Dr Fresh Lavoris Modicare Cipla Apollo Pharmacy Vestige J L Morrison
P&G
Elder Healthcare

A toothpaste facility with a difference

JHS Svendgaard is setting up India's most modern toothpaste manufacturing facility (21,600 MT capacity), possessing NORDEN three-colour filling line at Kala Amb comprising the following features:

- Complete automation where the product is untouched by human hands across the manufacturing, filling and packaging processes
- This is a three-colour facility (the toothpaste can have three flavours); only 20% of India's toothpaste manufacturing capacity is equipped with this capability
- The product (toothpaste) is not open to the atmosphere at any point of the processing line
- The facility can fill tubes from 40g to 200g
- The facility's cleanliness is maintained at 5 microns (dust particles per unit of air) against the global standard of 120-150 microns
- The water used in the formulation is of injectable grade (US-32) against the normal water used by other players – a first in India

Segment	Recognition	Highlights 2010-11
Toothbrush	Certified as the top exporter of toothbrushes and dental plates by PLEX Council (Ministry of Commerce) for four consecutive years from 2003 onwards.	■ Added four new international clients ■ Initiated production of 'Shiny Clean' toothbrushes of the Oral-B family ■ Increased average toothbrush capacity utilisation from 50% in 2009-10 to 75% in 2010-11, a quantum leap.
Toothpaste		Plant in commercial readiness; expected production in 2012-13
Laundry products	First time in the last 17 years that P&G tied up with a Indian company for contract manufacturing in this category	Achieved optimum capacity utilisation
Mouthwash	■ Pioneered an oil-aqua-based formulation for a mouthwash ■ First to introduce the double colour mouthwash in India	Forged alliances with global FMCG brands to increase offtake

Optimism	Growth strategy
The current size of toothbrushes market is US$ 150 million in value and 650 million in volume which is poised to grow to US$ 250 million by 2015 and 1 billion in volume.	**Optimise** ■ Increase capacity utilisation to optimum levels ■ Increase the share of value-added variants ■ Increase production capacity
India's per capita toothpaste consumption is at 92 gm against a significantly larger developing nation equivalent. The current toothpaste market is worth US$ 600 million poised to grow to US$ 1 billion by 2015.	**Capacity** ■ Commence operations of the new facility ■ Develop formulations for new clients with whom business alliances are underway
India's per capita consumption (2.7 kg p.a.) lower than Malaysia, the Philippines (3.7 kg) and the US (10 kg) – expected to correct with growing income and awareness	**Consistent** ■ Ensure consistent supplies ■ Enhance manufacturing capacity
The current mouthwash and other oral care products together constitute US$50 million in value expected to grow to US$70 million by 2015.	**Customise** ■ Customise formulations for new clients ■ Deliver products as per client requirements

Business operations

JHS is one of the world's leading contract manufacturer of FMCG products and India's largest and first oral care product manufacturer with integrated facilities. The unique blend of team experience and enthusiasm enables the Company to address evolving needs. The combination of scale, efficiency, quality and innovation provides a compelling value proposition for the Company and its customers.

A. Manufacturing operations

The Company has four manufacturing locations -- three in the excise-free zone at Kala Amb, Himachal Pradesh, the fourth at SEZ (Noida) dedicated to manufacture toothbrushes for the international market.

The manufacturing facility at Kala Amb, Himachal Pradesh, provides the Company with excise and sales tax benefits for 10 years and income tax benefits for five years. The Company prudently invested in temporary oral care overcapacity to address a growing client portfolio. Its toothbrush unit is the largest in India.

The Company brought on board an experienced toothpaste, toothbrush and detergent manufacturing team and made selective technical recruitments to address customer requirements.

The Company created a 10-member quality assurance team to monitor manufacturing quality. It invested in automated equipment with in-process quality management checks. It strengthened quality-centric infrastructure, helping exceed client quality specifications.

Highlights, 2010-11

Capacity utilisation: Increased average capacity utilisation of the toothbrush facility; achieved rated capacity in the laundry product unit in early 2011-12 due to timely preventive maintenance.

Capital expenditure: The Company invested in ERP, which provided real-time data across the organisation. This investment was instrumental in improved production planning. The Company invested in procuring dies, moulds and tools to produce new products (namely toothbrushes) for its global FMCG customer.

New products: The Company initiated the production of a number of toothbrush designs, the most prominent being the production of 'Shiny Clean', part of the Oral-B brand.

Project implementation: The Company worked on setting up the new, fully-automated toothpaste unit, expected to commence operations in Q4/2011-12.

Process optimisation: The Company improved standardised process parameters in line with stringent global standards, which reduced packaging waste to <3% and raw material waste <1%, which are significantly below industry norms.

In the toothbrush unit, the Company added equipment that facilitated improved machine throughput. The Company standardised processes with global benchmarks. JHS in-built design systems for preventive machine maintenance, reducing downtime to a minimum (15 minutes per shift).

Warehousing: The Company invested in a land parcel adjacent to the existing manufacturing facility at Kala Amb to create a large warehouse to store materials.

Sustainability: There were no accidents reported during the year under review.

B. Marketing

JHS is India's largest outsourcing partner in private label contract manufacture. The Company customises products to client-specific requirements and provides timely product delivery. This makes it possible for customers to strengthen their brand, taking their businesses ahead. The strength of the Company's customer servicing is reflected in the fact that the Company has not lost a single customer in its operational history. The Company serviced the growing needs of 35 leading global and Indian FMCG brands through a team of 50 executives dedicated to managing customer expectations.

Highlights, 2010-11

New customers: The team added four customers (global and Indian) to its large client base in the toothbrush category. Dr Fresh was among the prominent additions.

New contracts: The Company renewed contracts (expiring in 2010-11) with leading Indian FMCG brands.

New geographies: The Company marketed toothbrushes to Nigeria and the Middle East for the first time.

Negotiations: The Company entered negotiations with leading global FMCG brands for its oral care products primarily toothbrushes, toothpastes and mouthwashes. These discussions are expected to materialise into business contracts in the current year and generate revenues in 12-18 months thereafter.

JHS – leading the way

- Pioneered toothpaste formulations with Xylitol for whitening and preventing of tooth decay.
- Pioneered products in the mouthwash category

C. Research and development

The Company has a 10-12 member R&D team with strong expertise in the pharmaceutical space, enabling them to address demanding and evolving formulation and commercial customer needs. This enables the team to reduce the product development cycle by 12 months against 24-30 months taken by competitors.

The team developed unique and pioneering formulations, making it possible for customers to widen consumer choice and take their business ahead. These formulations are respected for their high product efficacy and consistent chemical compliance.

Highlights, 2010-11

- Developed toothbrushes for a US client in multiple SKUs – single and family packs
- Developed toothbrushes designs for the European FMCG company and some domestic corporates
- Developed a toothpaste formulation for diabetic patients in India for the first time
- Developed an anti-plaque toothpaste formulation for a leading domestic FMCG brand
- Invested ₹1 crore in R&D capability

Our uniqueness

JHS manufactures a ₹ 2 toothbrush in the same hi-tech facility using the same stringent globally-benchmarked processes as it does for a ₹ 50 toothbrush.

Managing business uncertainties

- Diversified enterprise and risk management
- Centrally issued policies and divisionally-evolved procedures
- Senior management review of risk management framework
- Addresses challenges of a dynamic business environment

01 Industry attractiveness

THE ORAL CARE INDUSTRY MAY CEASE TO ENJOY ROBUST GROWTH.

Relevance to JHS: More than 90% of the Company's revenues accrues from oral care products.

Mitigation measures

About 97% of the people in developed countries use one variety of toothpaste and 87% of this population brushes teeth twice daily. In India, only 55% of the Indian population uses toothpaste; less than 15% of toothpaste users brush their teeth twice a day, indicating a large untapped opportunity. The oral care consumption pattern is expected to increase significantly over the coming years driven by the following factors:

Awareness: Literacy in India has improved significantly. Rural literates rose from 60% in 2001 to 70% in 2010.

Earning: Per capita income of the average Indian (at current prices) increased from ₹18,885 in 2002-03 to ₹54,527 in 2010-11; average annual household income in rural India grew 8% CAGR (2005-2010) to ₹76,000

Urbanisation: Rising middle class and increasing working-age population will account for an increase in India's urban population from 30% in 2010 to 40% by 2020

Besides, the Company extended business operations laterally into laundry products and is looking to enter the cosmetics space in 12-24 months.

02 Client attrition

MIGRATION OF CLIENTS TO OTHER PRIVATE LABEL MANUFACTURERS WILL IMPACT BUSINESS GROWTH.

Relevance to JHS: The Company operates a contractual business model; a sudden client exit will vacate capacity which will take considerable time to occupy.

Mitigation measures

JHS is a private label manufacturer for leading domestic and international brands for more than 15 years and has mastered the nuances of catering to the leading brands in the FMCG space. Its top five clients contribute about 80% of its revenue reflecting client diversity; it has not lost a single client in its operational history.

Besides, the location of the Company's facility at Kala Amb provides an unmatched fiscal benefit in the entire private label manufacturing space, attracting large FMCG brands to partner with the Company.

To derisk the business, the Company added four new clients in 2010-11, of which two promise large business volumes over the coming years, which will necessitate the Company to enhance capacity.

03 Cost variation

INCREASE IN INPUT COSTS, CLOSELY LINKED TO GLOBAL CRUDE PRICES, COULD DENT PROFITABILITY.

Relevance to JHS: Large brands possess a strong negotiating power and may be unacceptable to frequent price increases.

Mitigation measures

The Company was impacted by significant and regular input cost hikes resulting in a loss in the first quarter of 2011-12. As the management mentions, this is a first-time incidence in the last 15 years. The guidance provided by suppliers suggests that this trend is unlikely to continue over the coming months.

Besides, the Company has a periodic price review meeting with all its long-term customers where the final product price is adjusted with input cost variations – balancing the Company's profitability.

Besides, huge capacities provide significant economies of scale, the location of its Himachal Pradesh has helped draw reasonably priced energy from the state grid.

In some business segments (laundry products), the Company is operating on a conversion cost basis, de-risking profitability from input cost escalations.

04 Product quality

INCONSISTENT PRODUCT QUALITY WILL IMPACT BUSINESS VOLUMES AND SUSTAINABILITY.

Relevance to JHS: Its clients comprise global and large domestic FMCG players for whom quality is a top priority.

Mitigation measures

At JHS, impeccable quality is a way of life for an important reality – the Company entered the oral care product segment where stringent product quality is the only way to grow in the business. The Company's focus is reflected in the following initiatives:

Equipment: The Company invested in sophisticated equipment at all its operating units, sourced from leading global equipment providers. In two business verticals (toothpaste and laundry products), the equipment was selected by a global FMCG brand as business partner.

Inputs: The Company sources key inputs only from leading global vendors; for instance, toothbrush bristles are largely sourced from DuPont. The water used in toothpaste formulations is injectable grade; JHS is the only Indian company to use this water grade.

Process benchmarking: The Company benchmarked its operating processes to match exacting USFDA standards, enabling it to partner global FMCG brands.

Quality checking: The Company's quality team conducts rigorous quality checks – on inputs, in processes and the final product – to ensure that products leaving the Company's premises consistently match client specifications.

05 Business funding

BUSINESS GROWTH DEMANDS FUNDS FOR EXPANDING OPERATING ACTIVITIES.

Relevance to JHS: To capitalise on opportunities and its unique locational advantage, the Company will need to expand operations.

Mitigation measures

The Company has strong financial statements, which can be leveraged to garner adequate funds for expansion:

- Healthy free reserves of ₹70.03 crore as on March 31, 2011
- Low debt-equity ratio at 0.56 (March 31, 2011) and an interest cover of 5.67 in 2010-11
- Healthy cash balance of ₹1.57 crore as on March 31, 2011

Additionally, the Company invested in a 5.17-acre plot adjacent to its existing facility in 2010-11, a solid foundation for growth.

Notice

Notice is hereby given that the Seventh Annual General Meeting of the Members of JHS Svendgaard Laboratories Limited will be held on Saturday, December 31, 2011 at 10.00 am at the Registered Office of the Company at Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District Sirmour, Himachal Pradesh, Pin - 173030 to transact the following business:-

Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended on March 31, 2011 and Balance Sheet as at March 31, 2011 together with the Director's Report & Auditors Report thereon.
2. To declare Dividend for the Financial Year ended on March 31, 2011 at ₹0.75 per equity share of ₹10/- each.
3. To appoint a Director in place of Mr. Daljit Singh Grewal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Gopal Krishan Nanda who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditor and fix their remuneration and in this regard, to consider and if thought fit, pass with or without modification(s), the following resolution as an ordinary resolution:

   RESOLVED THAT M/s Haribhakti & Co., Chartered Accountants (Firm Registration No. 103523W), be and is hereby appointed as Auditor of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors.

Special Business:

6. To regularise the appointment of Mr. Chhotu Ram Sharma, Additional Director and to move the following resolution as an ordinary resolution:-

   "**RESOLVED THAT** pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force and the provisions of the Articles of Association of the Company, Mr. Chhotu Ram Sharma, Additional Director of the Company, in respect of whom a letter proposing his candidature has received for the appointment as Director of the Company, be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation."

   "**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things which are necessary to give effect to the above said resolution."

7. To regularise the appointment of Mr. Piyush Goenka, Additional Director and to move the following resolution as an ordinary resolution:-

   "**RESOLVED THAT** pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force and the provisions of the Articles of Association of the Company, Mr. Piyush Goenka, Additional Director of the Company, in respect of whom a letter proposing his candidature has received for the appointment as Director of the Company, be and is hereby appointed as a Director of the Company whose office shall not be liable to retire by rotation."

   "**RESOLVED FURTHER THAT** the Board of Director of the Company be and is hereby authorised to do all such acts, deeds and things which are necessary to give effect to the above said resolution."

8. To regularise the appointment of Mr. Amarjit Singh, Additional Director and to move the following resolution as an ordinary resolution:-

   "**RESOLVED THAT** pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force and the provisions of the Articles of Association of the Company, Mr. Amarjit Singh, Additional Director of the Company, in respect of whom a letter proposing his candidature has received for the appointment as Director of the Company, be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation."

   "**RESOLVED FURTHER THAT** the Board of Director of the Company be and is hereby authorised to do all such acts, deeds and things which are necessary to give effect to the above said resolution."

NOTES:-

- An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to the special businesses to be transacted at the meeting is annexed hereto.
- A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing a proxy as per the format in the Annual Report should, however, be deposited at the registered office of the Company not later than 48 (forty eight) hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies, partnership firm, etc. must be supported by appropriate resolution / authority, as applicable, issued by the member of organisation.
- All Directors of the Company except Mr. Nikhil Nanda, and Mr. Piyush Goenka, are Rotational Directors in lieu of Section 255, 256 of the Companies Act, 1956 and one-third of the total of Rotational Directors, retire every year and, if eligible, offer themselves for re-appointment at the Annual General Meeting.
- The Register of Members and Share Transfer Register of the Company shall remain closed from December 28, 2011 to December 31, 2011 (both days inclusive).
- Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
- Shareholders holding the shares in physical form and desirous of making nominations are requested to send their requests in Form No.2B in duplicate (which will be made available on request).
- Dividend will be distributed through Electronic Clearing Services. Member holding shares in electronic form are requested to notify any change of address and change in bank details to their Depositories Participants. Their details as per the records of the Depository Participants before the Book closure date will be considered for dividend distribution.
- The communication address of our Registrar and Share Transfer Agent (RTA) is Link Intime India Private Limited A-40, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi - 110028.
- For proper conduct of the Annual General Meeting, Members/Proxies should fill the attendance slip for attending the Meeting. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the venue. Member who hold share(s) in electronic form are requested to write their DP ID and Client ID number and those who hold share(s) in physical form are requested to write their folio number in attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
- Members are advised to refer to the information for communication provided in the Annual Report.
- The Members desirous of any information on the Accounts are requested to write to the Company atleast a week before the meeting so as to enable the management keep the desired information ready.

- Details of Directors who is proposed to be appointed/ reappointed at the ensuing Annual General Meeting, as required under Clause 49 of the Listing Agreement, are as under:-

Name of Director	Daljit Singh Grewal	Gopal Krishan Nanda
Date of Birth	November 15, 1936	January 2, 1951
Brief Resume	Mr. Daljit Singh Grewal is a Fellow Member of the Institute of Cost & Works Accountants of India and holds a Bachelor's degree in Science. He has administrative and corporate experience of 39 years to his credit and exposure in varied industries from Chemical/ Fertilisers to Coal Mining, Ship Building, and Power Transmission etc. He has served illustrious organisations such as ICI group, Hindustan Shipyard in the capacities of Director Finance & Administration and Acting Chairman & Managing Director respectively, Coal India Limited in the capacity of Director Finance – Advisor and in 1995 as CEO of Mukut Pipes Ltd. He was the Ex - Chairman of the Punjab Chapter of the Institute of Cost and Works Accountants of India, President of All India Management Association (AIMA), Visakhapatnam and has been an active member of Haryana Chamber of Commerce and Industry, Punjab and Confederation of Indian Industries (CII), Punjab.	Mr. Gopal Krishan Nanda is M. Sc. (Statistics). He had successful Career of over 25 years as Statistical Officer, Administrator in Modi Group. He has hands on experience in general administration, Human Resource training etc.
Date of Appointment	October 8, 2004	March 24, 2007

Name of Director	Daljit Singh Grewal	Gopal Krishan Nanda
Qualifications	FCWA, B. Sc	M. Sc (Statistics)
Directorship held in other public Companies	Nil	Nil
Membership/chairmanship of other public companies	Nil	Nil
Shareholding in the Company	1500 Equity Shares	Nil

Name of Director	Chhotu Ram Sharma	Piyush Goenka	Amarjit Singh
Date of Birth	November 13, 1942	July 26, 1977	August 29, 1963
Brief Resume	Managing own financial consultancy company w.e.f. July 2008 on merger of bank of Punjab, was appointed as Senior Advisor to MD/CEO of Centurion Bank of Punjab from October 1, 2005 and continued till March 31, 2008. Managing Director/CEO of Bank of Punjab Ltd. from June 30, 2002 to September 30, 2005 Appointed by Reserve Bank of India. Executive Director, Andhra Bank from September 27, 2000 to May 29, 2002. Was selected by the appointment Committee of GOI for appointment in PSU banks in December 1999 batch of General Managers of different banks Joined Oriental Bank of Commerce (OBC) on January 12, 1978 directly as senior Manager. During the course of 23 years service in OBC Served in various senior positions/Scales and was General Manager, Credit from 1996 till the appointment of Executive director Andhra Bank. For a period of 4 years from January 1, 1987 served as Head operation at OBC Regional office Mumbai. For remaining period of 19 years remained at Head Office of the bank. Maximum exposure being in Credit field. While GM, credit was also in-charge of International Banking Division and IT Department .Made significant contribution in devising system and Procedures relating to credit dispensation/monitoring and updating documentations manuals/matters relating to Credit policy guidelines.	Mr. Piyush Goenka is an Investment Director at Tano India private equity team and holds B.Com, PGDBA, CFA. Tano is a sector- agnostic growth stage fund which has been investing in India for over five years. Piyush is part of the investment team and is responsible for making investments for the Fund and also managing investee companies. He is currently serving on the board of several investee companies Prior to joining Tano, Piyush worked with Infrastructure Leasing & Financial Services (IL&FS) for about four years. At IL&FS, he was involved in investment banking, structured finance, prop book investments and corporate advisory. Earlier, Piyush has worked with Exim Bank of India involved in Project Finance and Corporate banking and at First Global as an equity research analyst covering macro economics, consumer goods and retail sectors.	Mr. Amarjit Singh having the experience of more than 25 years in the industrial entrepreneurship and possess the ample knowledge in manufacturing activities He is the main director cum CEO of the group being a Self-motivated, high standards sound delivery management for project success and consistent client satisfaction goal oriented. Master man behind Intec group, role model of promoter grown up from scratch perform under pressure all round roles performing ability including Strategic target, scheduling, monitoring, resource management, risk management, change management, etc.

Name of Director	Chhotu Ram Sharma	Piyush Goenka	Amarjit Singh
Date of Appointment	November 14, 2011	May 14, 2011	November 14, 2011
Qualifications	Graduate from Delhi University	B.Com, PGDBA, CFA	Graduate from Delhi University
Directorship held in other public Companies	Sterling Tools Limited (Listed on Bombay Stock Exchange and National Stock Exchange) Capital Trust Limited (Listed on Bombay Stock Exchange) PNC Infratech Limited (Unlisted Company) Daawat foods Limited (Unlisted Company)	Anil Printers Limited JHS Svendgaard Hygiene Products Limited	N.A.
Membership/chairmanship of other public companies	Nil	Nil	Nil
Shareholding in the Company	Nil	Nil	Nil

By order of the Board of Directors
For **JHS Svendgaard Laboratories Limited**

Sd/-
Anshu Kumar Chakravoarty
(Company Secretary)

Place: New Delhi
Date: December 5, 2011

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956

ITEM NO. 6

Confirmation of Mr. Chhotu Ram Sharma

Mr. Chhotu Ram Sharma has been appointed as an Additional Director of the Company pursuant to resolution passed at the Board Meeting held on November 14, 2011. Pursuant to Section 260 of the Companies Act, 1956, the term of Office of Mr. Chhotu Ram Sharma shall expire at the ensuing Annual General Meeting of the Company. As per Section 257 of the said Act, notice has been received from Mr. Chhotu Ram Sharma along with the deposit of ₹500/- signifying his intention to propose himself as a candidate for the office of Director.

The copy of the relevant resolution of the Board with respect to his appointment is available for inspection by Members at the Registered Office of the Company during business hours on any working day till the date of the forthcoming Annual General Meeting.

None of the Directors is interested or connected in this ordinary resolution except Mr. Chhotu Ram Sharma

The Board recommends the ordinary resolution for the approval of the Members.

ITEM NO. 7

Confirmation of Mr. Piyush Goenka

Mr. Piyush Goenka has been appointed as an Additional Director of the Company pursuant to resolution passed at the Board Meeting held on May 14, 2011. Pursuant to Section 260 of the Companies Act, 1956, the term of Office of Mr. Piyush Goenka shall expire at the ensuing Annual General Meeting. As per Section 257 of the said Act, notice has been received from Mr. Piyush Goenka along with deposit of ₹500/- signifying his intention to propose himself as a candidate for the office of Director.

The copy of the relevant resolution of the Board with respect to his appointment is available for inspection by Members at the Registered Office of the Company during business hours on any working day till the date of the forthcoming Annual General Meeting.

None of the Directors is interested or connected in this ordinary resolution except Mr. Piyush Goenka

The Board recommends the ordinary resolution for the approval of the Members.

ITEM NO. 8

Confirmation of Mr. Amarjit Singh

Mr. Amarjit Singh has been appointed as an Additional Director of the Company pursuant to resolution passed at the Board Meeting held on November 14, 2011. Pursuant to Section 260 of the Companies Act, 1956, the term of Office of Mr. Amarjit Singh shall expire at the ensuing Annual General Meeting of the Company. As per Section 257 of the said Act, notice has been received from Mr. Amarjit Singh along with deposit of ₹500/- signifying his intention to propose himself as a candidate for the office of Director.

The copy of relevant resolution of the Board with respect to his appointment is available for inspection by Members at the Registered Office of the Company during business hours on any working day till the date of the forthcoming Annual General Meeting.

None of the Directors is interested or connected in this ordinary resolution except Mr. Amarjit Singh

The Board recommends the ordinary resolution for the approval of the Members.

IMPORTANT COMMUNICATION TO MEMBERS

Ministry of Corporate Affairs, New Delhi ("MCA") has taken a "Green Initiative" in the Corporate Governance by permitting paperless compliances by companies vide its Circular No. 17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011 and clarified that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s) to its shareholders.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications / documents including the Notice for calling the Annual General Meeting, audited financial statements, directors' report, auditors' report etc and the Extra Ordinary General Meeting via electronic mode. In connection with the same, we request you to provide your latest/updated email address on which future communication/correspondence/documents can be send to you.

Shareholders holding shares in demat mode, are requested to register their e-mail id with the concerned Depository Participant. The Shareholders holding shares in physical mode are requested to register their e-mail id with Link Intime India Private Limited (Registrar and Share Transfer Agents of the Company) by sending a request letter duly signed by the first/sole shareholder.

We are sure you would appreciate the "Green Initiative" taken by MCA and your Company's desires to participate in such initiatives.

By order of the Board of Directors
For **JHS Svendgaard Laboratories Limited**

Sd/-
Anshu Kumar Chakravoarty
(Company Secretary)

Place: New Delhi
Date: December 5, 2011

Directors' report

Dear Shareholders,

To the members of
JHS Svendgaard Laboratories Limited

Your Directors are pleased to present Seventh Annual Report and the Statements of Accounts for the financial year ended on March 31, 2011.

Financial Performance Summary:

The Financial highlights of the Company are given below: - (Amount in ₹ Lac)

Particulars	Standalone		Consolidated	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Net Sales/Income from Operations	8,541.46	5,107.85	12,769.54	6,845.83
Other Income	165.28	11.86	165.47	11.86
Interest & Finance Charges	370.95	297.85	371.38	299.64
Depreciation	693.93	413.31	695.38	414.57
Profit before Tax	793.58	661.41	1,410.24	889.98
Provision for Tax	156.21	91.17	153.23	87.52
Profit after Tax	637.37	570.24	1,257.01	802.46
Profit to be carried to the Balance Sheet	452.14	159.25	1,071.78	802.46
Paid up Equity Share Capital (Face Value of ₹10/- each)	1,445.00	1,445.00	1,445.00	1,445.00
Reserves excluding revaluation reserves	6,162.71	5,720.62	7,003.19	5,948.65
Basic EPS (in Rupees not annualised)	4.14	4.16	8.41	5.89
Diluted EPS (in Rupees not annualised)	4.14	3.95	8.41	5.59

Dividend

Considering the Company's financial performance, the Directors have recommended a final dividend of ₹0.75 per equity share of the face value of ₹10/- for the financial year ended on March 31, 2011. The final dividend, subject to approval of shareholders, at the forthcoming Annual General Meeting of the Company on December 31, 2011

Scheme of Amalgamation

The Board of Directors of your Company at its Board Meeting held on July 7, 2010, has considered and approved the Scheme of Amalgamation of the JHS Svendgaard Hygiene Products Limited (Transferor Company), Waves Hygiene Products (Transferor Firm) with your Company. Accordingly, the Scheme of Amalgamation of M/s JHS Svendgaard Hygiene Products Limited and M/s Waves Hygiene Products (a Partnership Firm) with M/s JHS Svendgaard Laboratories Limited has been approved by the Delhi High Court on August 30, 2011. However, it is still subject to the approval of Shimla High Court.

As per the Scheme of Amalgamation, all the assets and liabilities of JHS Svendgaard Hygiene Products

Limited (Transferor Company) and Waves Hygiene Products (Transferor Firm) will be transferred to your Company with effect from appointed date i.e. March 31, 2010 subject to the approval of relevant High Courts and other statutory authorities.

The Amalgamation will create a platform for value enhancing growth and reinforces the Company position as an integrated global Company. It will also enable the business of the company to obtain greater facilities, possessed and enjoyed by one large Company for securing and conducting its business on favourable terms and other benefits. The Company will additionally gain from reduced operating costs arising out of the Combined operations. Moreover, the Amalgamation will result in an integrated operation which qualifies the Company to participate in the market of Fast Moving Consumer Goods, besides providing synergy benefits to the existing operations.

Increase In Share Capital

The Board of Director of your company has issued and allotted the 25,00,000 (Twenty Five Lac) Equity Shares to Tano Mauritius India FVCI (a strategic investor) at a price of Rupees 97.75/- (including a premium of Rupees 87.75/-) per equity share at its Board Meeting held on April 22, 2011.

Performance Review

We take pride in mentioning that there has been a method in achieving this continuous strong growth trend namely, of maintaining a discipline on the fundamentals of persuasive and consumer-meaningful innovations backed by distribution expansion. The national as well as international market are poised for recovery, but with sharp regional disparities. There has been increase in the revenue during the period under review. The net sales/income from operations has gone up to ₹8,541.46 Lac as compared to ₹ 5,107.85 Lac in the previous year. The Net Profit (after tax) has increased from ₹570.24 Lac to ₹637.37 Lac. This rise in the profit of the Company is as a result of optimum utilisation of the available resources.

Application of IPO Proceeds:

The amount of Rupees 3,886.19 Lac collected in IPO, was completely utilised by the Company as on July 2, 2010 as per the Objects of the Issue of the Prospectus and the same was intimated to Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) via Notes to Account of the result for the quarter/half year ended on September 30, 2010.

Employee Stock Option Plan 2008

To motivate and retain the efficient employees, the Company has introduced employee stock option plan 2008. On July 31, 2008 the Company has issued 245008 equity options to its senior managerial persons, giving a right to each option holder to apply for one equity share of the Company, during the exercise period. Due to effect of economic downturn and its constraints on cash flows none of the employee could give their acceptance of the options given to them. As on date, no option is accepted by any employee, therefore no option is in existence till date .The details regarding options granted; the pricing formula; options vested; options exercised; the total number of shares arising as a result of exercise of option and other details as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, are not reproduced since no ESOP has been exercised by the Employees and the relevant details are hence not available. Requisite information is given in the statements placed at Annexure "A"

Certificate from Auditor

Certificate from the Auditor of the company in terms of clause 14 of SEBI (Employee Stock Option Scheme) Guidelines, 1999 certifying that the scheme has been implemented in accordance with these guidelines and in accordance with the resolution passed by the Company in the general meeting, is not required.

Recognition/Award:

Your Company has received the Second Best Exporter of Tooth Brushes including dental Plate brushes and has been awarded the highest recognitions for Exports for the year 2008-09 by The Plastics Export promotion council (Sponsored by Department of Commerce Government of India) on December 19, 2009.

Directors

Appointments/ Re-appointment:

The Board of Director has appointed Mr. Chhotu Ram Sharma as an Additional Director at its Board Meeting held on November 14, 2011. Pursuant to Section 260 of the Companies Act, 1956, Mr. Chhotu Ram Sharma hold the office only up to the date of the Ensuing Annual General Meeting of the Company and is eligible for appointment as a Director. The Company has received a notice under section 257 of the Companies Act, 1956 proposing the appointment of Mr. Chhotu Ram Sharma as a Director of the Company who will be liable to retire by rotation.

The Board of Director has appointed Mr. Amarjit Singh as an Additional Director at its Board Meeting held on November 14, 2011. Pursuant to Section 260 of the Companies Act, 1956, Mr. Amarjit Singh hold the office only up to the date of the Ensuing Annual General Meeting of the Company and is eligible for appointment as a Director. The Company has received a notice under section 257 of the Companies Act, 1956 proposing the appointment of Mr. Amarjit Singh as a Director of the Company who will be liable to retire by rotation.

The Board of Director has appointed Mr. Piyush Goenka as an Additional Director at its Board Meeting held on May 14, 2011. Pursuant to Section 260 of the Companies Act, 1956, Mr. Piyush Goenka hold the office only up to the date of the ensuing Annual General Meeting of the Company and is eligible for appointment as a Director. The Company has received a notice under section 257 of the Companies Act, 1956 proposing the appointment of Mr. Piyush Goenka as a Director of the Company who will not be liable to retire by rotation.

Mr. Gopal Krishan Nanda, Whole Time Director of the Company, liable to retire by rotation at the forthcoming Annual General Meeting on December 31, 2011 and being eligible, offer himself for re-appointment.

Mr. Daljit Singh Grewal, Director of the Company, liable to retire by rotation at the forthcoming Annual General Meeting on December 31, 2011 and being eligible, offer himself for re-appointment.

Necessary resolutions for appointment of Mr. Chhotu Ram Sharma, Mr. Amarjit Singh and Mr. Piyush Goenka and re-appointment of Mr. Gopal Krishan Nanda and Mr. Daljit Singh Grewal are being included in the notice convening Annual General Meeting.

Brief resume, expertise and other details of Directors proposed to be appointed/re-appointed, as required by clause 49 of the Listing Agreement, are furnished in the explanatory statement to the notice convening Annual General Meeting.

Auditors

M/s Haribhakti & Co., Chartered Accountants, Firm Registration Number: 103523W, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received letter from the Statutory Auditor that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

With reference to the observation mentioned in Para 4 (vi) (a) & (b) respectively of the Auditor's Report specified by the Auditor of the Company the attention is invited to the non operative and 11 dormant accounts having total balance of Rupees 148,454 as at March 31, 2011 of which no balance confirmation were received and the Company has produced hygiene product i.e. Odonil which is not specifically covered by object clause of the Memorandum of Association.

With reference to the observation mentioned in the Annexure of the Auditor's Report, the attention is also invited to the below mentioned points:

a. the internal control system needs to be strengthened to commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of goods.

b. The internal audit system, the scope and coverage of which requires to be widened to commensurate with the size and nature of its business.

c. There have been delays in deposition of Tax deducted at source, Service tax, Provident fund, and Employees state insurance applicable to the Company.

Pursuant to the Observation given by the Auditor in the Auditor's Report of the Company the Company has taken immediate action:

- To close all the dormant and non operative account of the Company and has closed Eight such non operative and dormant account till date and the amount lying in the accounts were taken through demand draft and pay orders.
- To widen the object clause of the Company once the final order of merger is received from the Honorable Courts.
- The Company is shortly going to implement a comprehensive legal compliance manual in the company to check the internal control of the Company.
- The Board is in the process of appointing top audit firms of the country to strengthen the internal audit system of the company.
- The Board has appointed the hierarchy of the employees who will be responsible for the timely compliances of TDS, Service tax etc.

Listing

Since October 21, 2006 your Company's Equity Shares are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company has paid the applicable listing fee to both the stock exchanges.

Subsidiary Companies

Jones H Smith, FZE, was incorporated as Wholly Owned Subsidiary of your Company in 2007 in Ras Al Khaimah Free Trade Zone, UAE. The Company is established for the trading in all personal and oral care products, in the international market specially Middle-East Countries.

JHS Svendgaard Dental Care Limited was incorporated as a Subsidiary Company in the month of April 2008. Presently your Company holds 59.99% of total paid up share capital of the Subsidiary Company. The Subsidiary Company has proposed plans of opening a chain of dental clinics in all the major cities across India. During the year, the Subsidiary has successfully launched two clinics, one in Delhi and other in Noida.

The statement in respect of each of subsidiary, giving the detail of reserve, total assets and liabilities, details of investment, turnover, profit after taxation pursuant to section 212 of the Companies Act, 1956, regarding subsidiary companies forms part of this Annual Report.

Particulars of Employees:

No information regarding particulars of employees required to be reported under Section 217(2A) of the Companies Act, 1956 is available since none of the employees of the Company is drawing remuneration in excess of the limits as prescribed therein.

Energy, Technology And Foreign Exchange

Requisite information is given in the statements placed at Annexure "B" & "C", respectively.

Corporate Governance

A separate Section on Corporate Governance forming part of the Directors' Report and the Certificate confirming the compliance of the conditions stipulated in Clause 49 of Listing Agreement is included in the Annual Report.

Management Discussion and Analysis Report

A report on Management Discussion and Analysis as required under clause 49 of the Listing Agreement forms part of the Annual Report.

Deposits

The Company has not accepted any Deposits in pursuance of Section 58A of the Companies Act, 1956 and other applicable rules made there under.

Director's Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, in relation to financial statements for the Financial Year ending on March 31, 2011, the Directors' report that: -

a) In the preparation of the annual accounts, the applicable accounting standards had been followed and that no material departures have been made from the same;

b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding of the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors had prepared the annual accounts on a going concern basis.

Industrial Relations

Your Company has taken significant steps in developing human resource and strengthening human resource systems. During the year under review, industrial relation in the Company continues to be cordial and peaceful.

As on March 31, 2010, in all there were 340 employees on the roll of the Company. Out of these, 75 were at the executive level and the remaining 265 were in non-executive level. Apart from them, the workers have been appointed through Contractors.

Acknowledgement:

Your Directors takes this opportunity to express their gratitude and appreciation for the valuable support and cooperation received from its employees, esteemed customers, business associates, bank, financial institutions, various statutory authorities, agencies of Central and State Government, suppliers and stakeholders.

Your Directors also wish to place on records their appreciation for the contribution made by the Company's personnel, whose dedication and drive for excellence have helped your Company to achieve the desired performance and sustained growth in the year under review.

For **JHS Svendgaard Laboratories Limited**

Sd/-
Nikhil Nanda
DIN 00051501

Place: New Delhi
Date: December 5, 2011

Gopal Krishna Nanda
DIN 01490288

Report on Corporate governance

Company's Philosophy

Corporate Governance essentially is a set of standards, which aims to improve the Company efficiency, effectiveness and social responsibility. The Concept emphasises on transparency, accountability, independence and integrity of the management with focus on public interest in particular. It further inspires and strengthens investors' confidence by ongoing commitment to overall growth of the Company.

Based on the above guiding Governance Philosophy, the Company set itself the objective of expanding its capacities and becoming competitive in its business. As a part of its future growth strategy, the Company believes in adopting the "Best Practices" that are followed in the various geographies, in the area of Corporate Governance. The Company believes that timely disclosures, transparency and a strong and independent Board go a long way in protecting shareholders trust while maximising long-term corporate values.

The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibility towards them for creation and safeguarding shareholders' wealth. During the year under review, the Board continued its pursuit of achieving these objectives through the adoption and monitoring of Corporate Strategies, Prudent Business Plan and ensuring that company pursues policies and procedures to the level to achieve greater satisfaction in its legal and ethical responsibilities.

Board Composition

Board of Directors:

The Board of JHS Svendgaard Laboratories Limited has mix of skills and experience and it works together as a team while encouraging diverse and healthy debate in the interest of the Company and its Shareholders. The Board provides and evaluates the strategic direction of the Company, formulates and review management policies, serves and protects the overall interest of Shareholders to ensure long term value creation for Stakeholders.

Board material distributed in advance:

The agenda and notes on agenda are circulated to the Directors, in advance, in the defined agenda format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda.

Recording Minutes of proceedings at Board and Committee meetings

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board/ Board Committee for their comments. The minutes are entered in the Minutes Book within 30 days from conclusion of the meeting.

Post meeting follow-up mechanism

The Guidelines for Board and Board Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board and Board Committees thereof. The important decisions taken at the Board/Board Committee meetings are communicated to the departments/divisions concerned promptly. Action taken report on the decisions/minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/Board Committee for noting by the Board/Board Committee.

Composition of the Board:

The size and composition of the Board of Directors suffices the requirement of Listing Agreement. The Board of Directors comprises of Chairman, Managing Director, Whole-time Director and Independent Directors. The Board presently comprises of eight Directors, out of which six are Non-Executive Directors. The Company has a Non-Executive Chairman and four Directors are Independent Directors comprising of one-half of the total strength of the Board of Directors.

The Name and categories of the Directors on the Board, their attendance at Board Meetings during the year and the number of Directorship and chairmanships/memberships of committee of each Director held in other public companies and Attendance at last Annual General Meeting are shown below:

Name of Director	Category	Meetings attended	Attendance at the Last AGM	Directorship in other Cos.	Committee positions held in other Cos.	
					Chairman	Member
D. S. Grewal	Chairman	10	Yes	Nil	Nil	Nil
Nikhil Nanda	Managing Director	15	Yes	6	Nil	Nil
G.K. Nanda	Whole-time Director	15	Yes	Nil	Nil	Nil
P Vanamali	Independent Director	15	Yes	Nil	Nil	Nil
Mukul Pathak	Independent Director	15	Yes	Nil	Nil	Nil
*Guninder Bhalla	Independent Director	14	Yes	3	Nil	Nil
*Chottu Ram Sharma	Independent Director			5	Nil	Nil
* Amarjit Singh	Independent Director			4	Nil	Nil
*Piyush Goenka	Non-Executive Director			3	Nil	Nil

**Mr. Guninder Bhalla has resigned as Independent Director w.e.f. May 14, 2011*

**Mr. Chottu Ram Sharma has been appointed as Independent Director w.e.f. November 14, 2011*

**Mr. Amarjit Singh has been appointed as Independent Director w.e.f. November 14, 2011*

** Mr. Piyush Goenka has been appointed as Non-Executive Director w.e.f. May 14, 2011*

None of the Directors of the company are inter-se related to each other as per the provisions of Section 6 of the Companies Act, 1956.

Date of Board Meetings

During the Financial Year 2010-11, total 15 (fifteen) Board Meetings were held and gap between two meeting did not exceed four month. The date on which the said meetings were held are as follows:

April 17, 2010; May 29, 2010; June 30, 2010; July 7, 2010; July 29, 2010; August 9, 2010; August 14, 2010; October 11, 2010; November 9, 2010; November 23, 2010; January 4, 2011; January 14, 2011; February 5, 2011; February 8, 2011; March 12, 2011.

The necessary quorum was presented for all the meeting.

Audit Committee

The Audit Committee of the Company is constituted as per the compliance of provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchange.

The term of reference of the Audit Committee is broadly as under:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible information is disclosed.
- Recommending to the Board, the appointment, re-appointment of the statutory auditor and the fixation of audit fees and also approval for the payment of any other services.
- Discussion with the external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statement and draft audit report, including the quarter/half- yearly financial information.
- Reviewing with the management, the annual financial statement before submission to the Board focusing on:
  - Any change in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualification in draft audit report.
  - Signification adjustment arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards
  - Any related party transaction as per Accounting Standard 18
- Reviewing the Company financial and risk management policies.

- Reviewing the adequacy of internal audit function, including the audit charter, the structure of internal function department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditor any significant finding and follow –up thereon.
- Carrying out such other functions as may be specifically referred to the committee by the Board of Directors and/or other Committees of the Company.

The Audit Committee invites such of the executives, as it considers appropriate, representatives of the Statutory Auditors and representatives of the internal Auditors to be present at its meeting. The Company Secretary acts as the Secretary to the Audit Committee. The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name of the Member	Designation	Chairman/ Member
Mukul Pathak	Independent Director	Chairman
Nikhil Nanda	Managing Director	Member
Vanamali Polavaram	Independent Director	Member

The Committee met six times during the course of the Financial Year i.e. May 29, 2010, June 30, 2010, July 7, 2010, August 14, 2010, November 9, 2010 and February 8, 2011. All the members of the committee were present in all the meetings and have sound financial and accounting knowledge.

Remuneration Committee:

The Remuneration Committee comprises of three Non-executive Directors, Mr. Mukul Pathak acts as Chairman of the Committee

Name of the Member	Designation	Chairman/ Member
Mukul Pathak	Independent Director	Chairman
Daljit Singh Grewal	Chairman	Member
Vanamali Polavaram	Independent Director	Member

The Committee met once during the course of Financial Year i.e. April 17, 2011

The functioning and terms of reference of the Committee are as prescribed under Schedule XIII of the Companies Act 1956. The Committee determines the Company's policy on all elements of the remuneration of Directors and senior managerial personnel. The remuneration of Directors is approved by the Remuneration Committee and the Board of Directors as per the remuneration policy of the Company within the ceiling fixed by the shareholders. The remuneration policy of the Company is aimed at rewarding performance based on periodic review of achievements. The overall philosophy is to keep employees motivated to deliver higher performance within the overall targeted wage bill. The Remuneration paid to the directors was as follows:

Name of the Director	Designation	Salary & Perquisites (₹)
Nikhil Nanda	Managing Director	12,94,167
G.K. Nanda	Whole time Director	1,20,000
Total		**14,14,167**

The payment to Non -Executive Directors is made in the form of sitting fees for attending the Board meetings. No commission is paid to any of the Directors. Total sitting fees paid during the Financial Year is ₹35,500/-. The Sitting fee paid to Non executive Directors is ₹500/- for attending per meeting.

Shareholders'/ Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee comprises of two Non-Executive Directors. The Constitution of the committee is as follows:-

Name of the Member	Designation	Chairman/ Member
Mukul Pathak	Director	Chairman
Daljit Singh Grewal	Chairman	Member

No Meeting was held during the Financial Year 2010-11.

The Committee, inter alia, approves issue of duplicate certificate and oversees and reviews all matters connected with transfer of securities of your Company. The Committee also looks into redressal of shareholders complaints related to transfer of share, non-receipt of balance sheet, non-receipt of declared dividend, etc. This committee also approves/ rejects the applications for share transfers/transmission/duplicate/split/remat/consolidation etc. Company has received nil complaints from the shareholders during the Financial Year ending March 31, 2011.

Compensation Committee

The Company has constituted a Compensation Committee of Directors for implementation and control of ESOP Plan-2008. The composition of the Committee is as follows: -

Name of the Member	Designation	Chairman/ Member
Nikhil Nanda	Managing Director	Chairman
Mukul Pathak	Independent Director	Member
Vanamali Polavaram	Independent Director	Member

No Meeting was held during the Financial Year 2010-11.

Shareholding of Directors in the Company as on 31.03.2011

Details of shareholding of Directors in the Company are as under:

S. No.	Name of the Director	Designation	Number of Shares	Shareholding (%)
1.	Daljit Singh Grewal	Chairman	1,500	0.01
2.	Nikhil Nanda	Managing Director	5,385,520	37.01
3.	Gopal Krishan Nanda	Whole-time Director	120	0.00
4.	Vanamali Polavaram	Independent Director	Nil	Nil
5.	Mukul Pathak	Independent Director	Nil	Nil
6.	Chottu Ram Sharma	Independent Director	Nil	Nil
7.	Piyush Goenka	Non-Executive Director	Nil	Nil
8.	Amarjit Singh	Independent Director	Nil	Nil
	Total		**53,87,140**	**37.02**

Disclosures

During the year under review, the Company had entered into transactions in the normal course of business with some of the entities in which some of the Directors are interested and which have been disclosed adequately in the notes forming part of the accounts. There was no potential conflict of interest with that of the Company.

The Company has complied with various rules and regulations prescribed by the stock exchanges, Securities and Exchange Board of India (SEBI) or any other statutory authorities on all matters relating to the capital markets, and no penalties or strictures have been imposed on the Company by any of them in this regard during the last three years.

The Company has followed the accounting standards laid down by the Institute of Chartered Accountants of India.

Code for prevention of insider-trading practices

With SEBI imposing the responsibility of "Prohibition of Insider Trading" on the organisation, the Board has instituted a comprehensive Code of Conduct for its Directors, management and staff, strictly in accordance with the Model Code of Conduct prescribed by SEBI. The Code, besides other relevant matters, prohibits as insider from dealing in the shares of the Company, while in possession of the unpublished price sensitive information in relation to the Company. Further, the trading window for dealing in shares of the Company is periodically closed for the Directors and Employees of the Company as per the Insider Trading code in force in the Company.

Risk management policy

The Company has risk management policy defining the risk assessment and minimisation procedures of the Company.

The purpose to the policy is to periodically review the risk assessment in order to ensure that the executive management controls risk through means of a properly defined framework.

Adoption of Mandatory and Non-Mandatory Requirements of Clause 49

The Company has complied with all mandatory requirements and has adopted following non-mandatory requirements of Clause 49.

Remuneration Committee

The Company has constituted Remuneration Committee to recommend/review remuneration of the Managing Director and Whole-time Directors based on their performance and defined assessment criteria.

Training of Board Members

New Directors appointed by the Board are given formal induction and orientation with respect to the Company's vision, strategic direction, core values including ethics, corporate governance practices, financial matters and business operations. The new appointee is also facilitated with a tour of the Company's key manufacturing facilities to get familiar with the Company's operations. The Board members are also provided with the necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.

Chief Executive Officer & General Manager (Accounts) Certification

Certificate from Mr. Nikhil Nanda, Managing Director of the Company and Mr. Rakesh Sabharwal, General Manager (Accounts) of the Company in terms of Clause 49 (V) of Listing Agreement for the financial year ended on March 31, 2011 was placed before the Board of Directors of the Company in its meeting held on December 5, 2011.

Compliance Officer

Mr. Anshu Kumar Chakravoarty, act as the Company Secretary & Compliance officer of the Company for the financial year 2010-2011.

Role of the Company Secretary in Overall Governance Process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

Code of Conduct

The Code is derived from three essential and basic principles, which form the ingredient of a growing Company viz. Good Corporate Governance, Good Corporate Citizenship and Good Ethics. The Company has code of conduct applicable to Executives and Non-executives Directors as well as senior management personnel. All the board members and senior management of the Company have affirmed compliance with their respective code of conduct for the Financial Year ended on March 31, 2011. A declaration to this effect, duly signed by the Managing Director is annexed hereto.

Application of IPO Proceeds

The amount of Rupees.3,886.19 Lac collected in IPO, was completely utilised by the Company as on July 2, 2010 as per the Objects of the Issue of the Prospectus and the same was intimated to Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) via Notes to Account of the result for the quarter/half year ended on September 30, 2010

Subsidiary Companies

The Company does not have any material non listed Company, as per clause 49 of listing agreement and hence, it is not required to have an Independent Director of the Company on the Board of such subsidiary Companies. The Audit Committee also reviewed the financial statements of the subsidiary companies. The board and audit committee also analysed investments made by the Company's non listed subsidiaries during the year.

The minutes of all the subsidiaries were placed before the meeting of Board of Directors of the Holding Company and the attention of the Directors is drawn to all significant transactions and arrangements entered into by the subsidiary companies.

Means of Communication

The Quarterly/ Half yearly/ Annual Results of the Company are regularly submitted to the stock exchanges in accordance with the Listing Agreement and are published in Economic Times (English), Business Standard (English) circulated all over India, Business Standard (Hindi) circulated in Regional Area.

General Body Meetings

The last three Annual General Meetings of the Company were held as under:

Year	Category	Venue	Date	Time
2009-10	Annual General Meeting	Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030	28.12.2010 (Tuesday)	10.00 AM
2008-09	Annual General Meeting		22.09.2009 (Tuesday)	2.00 PM
2007-08	Annual General Meeting		30.09.2008 (Tuesday)	2.00 PM

All resolutions moved at the last Annual General Meetings were passed by show of hands by the requisite majority of members attending the meeting. The Details of the Special Resolution Passed during the last three years are mentioned below:

Year	Category	Special Resolution Passed
2009-10	Annual General Meeting	Re-appointment of Mr. Nikhil Nanda as Managing Director of the Company for the period of five year. And Modification in the terms of exiting Employees Stock options scheme (ESOP)
2008-09	Annual General Meeting	Issuance of 11,00,000 Warrants to Promoter and Non – Promoter Group.
2007-08	Annual General Meeting	No Special Resolution Passed.

During the Financial year 2009-2010, the Extraordinary General Meeting was held on March 3, 2011 at registered office of the company at Trilokpur Road, Kheri (Kala-Amb), Tehsil - Nahan, District Sirmour, Himachal Pradesh – 173030 in which Members passed the special resolution for the issue of Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs) or any combination of Securities to any person including foreign / resident investors (whether institutions, incorporated bodies, mutual funds and / or individuals or otherwise)

During the financial year 2009-10, Pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolutions by Postal Ballots) Rules, 2001, Company has not passed any resolution by way of postal ballots.

Additional Shareholder Information

Company's Website:

The website of the Company is www.svendgaard.com contains all relevant information about the Company. The Annual Report, Shareholding Pattern, Results and all other material information as and when prepared are updated on this site.

Annual General Meeting

- Date of the AGM : Saturday, December 31, 2011
- Time of the AGM : 10.00 AM
- Venue of the AGM : Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030

Book Closure

The books will be closed from December 28, 2011 to December 31, 2011 (Both days inclusive) as annual book closure for the Annual General Meeting.

Dividend Payment Date shall be within 30 days of the declaration of the Dividend at the Annual General Meeting of the Company.

Listing

Equity shares of the Company are listed on Bombay Stock Exchange Limited (Scrip Code: 532771) and National Stock Exchange of India Limited (Symbol: JHS). The ISIN of the Company is INE 544H01014. All listing fees to the stock exchanges and depositories have been paid to the respective institutions.

- **Stock Market Price Data:**

The High and Low Prices of the Companies Shares at the Bombay Stock Exchange and National Stock Exchange and Performance in relation thereof, is as under: -

Month	Bombay Stock Exchange		National Stock Exchange	
	(High) (₹)	(Low) (₹)	(High) (₹)	(Low) (₹)
April 2010	64.50	53.15	64.50	53.70
May 2010	64.70	54.50	64.4	54.05
June 2010	63.50	56.50	64.00	55.10
July 2010	78.60	59.80	78.50	57.1
August 2010	89.20	71.15	89.25	68.25
September 2010	115.50	81.00	115.25	80.00
October 2010	127.40	98.00	127.40	98.00
November 2010	128.45	90.20	128	90.05
December 2010	108.00	77.25	108.00	66.10
January 2011	109.45	84.00	108.90	81.05
February 2011	99.10	60.10	99.25	60.05
March 2011	84.95	62.85	84.95	62.10

Registrar and Share Transfer Agent

Members are requested to correspond with the Company's Registrar and Transfer Agents quoting their folio no. / DP-Client ID at the following address:

Link Intime India Private Limited

A-40, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi - 110028

Ph: 011-41410592, Fax: 011-41410591, Email: delhi@intimespectrum.co.in

E-mail ID for Investor Grievances: cs@svendgaard.com

Shareholding Pattern as on March 31, 2011

Category	As on March 31, 2011		As on March 31, 2010		% Variance 2011 Vs 2010
	No. of shares	%	No. of shares	%	
Promoter Group	6197356	42.59	6,743,621	46.67	(4.08)
Mutual Funds/UTI	790955	5.44	–	–	5.44
Government Companies, Financial Institutions, Banks	–		–	–	
Foreign Institutional Investors	128626	0.88	270455	1.87	(0.99)
Bodies Corporate	2721552	18.70	3534134	24.46	(5.76)
Individuals	4311024	29.63	3674123	25.43	4.20
Non Resident Individuals	131547	0.90	34403	0.24	0.66
Other	268947	1.85	193271	1.33	0.52
Total	**14550007**	**100.00**	**14450007**	**100.00**	

Pattern of Shareholding by Share Class as on March 31, 2011

Shareholding of nominal value of		Shareholders		Shares Amount				
₹	₹	Number	% of Total	Physical	NSDL	CDSL	Total	% of total
Up to	2,500	5268	65.514	6060	3535070	1755860	5296990	3.641
2,501	5,000	1331	16.553		3481260	1668960	5150220	3.540
5,001	10,000	733	9.116		4096600	1794580	5891180	4.049
10,001	20,000	310	3.855	45000	3099650	1670820	4815470	3.310
20,001	30,000	117	1.455		1769730	1295760	3065490	2.107
30,001	40,000	59	0.734		1426690	731780	2158470	1.483
40,001	50,000	48	0.597	45000	1443530	805800	2294330	1.577
50,001	1,00,000	69	0.858		3265340	1807380	5072720	3.486
1,00,001 & Above		106	1.318		88994650	22760550	111755200	76.808
TOTAL		8041	100.000	96060	111112520	34291490	145500070	100.000

Dematerialisation of Shares and Liquidity

As on March 31, 2011, 14540401 shares of ₹10/- each are in electronic form. This constitutes 99.93% equity shares of the total paid up capital of the Company.

- Outstanding Securities:

The Company has never issued any Global Depository Receipts s/American Depository Receipts.

Unit Location:

S. No.	Unit Location
I	**Sunehari Oral Care** (a unit of JHS Svendgaard Laboratories Limited) B-1/E-13, Mohan Co-operative Industrial Area, Mathura Road, New Delhi – 110 044
II	**Jai Hanuman Exports** (a unit of JHS Svendgaard Laboratories Limited) SDF N.H-3B, Noida Special Economic Zone, Gautam Budh Nagar, Noida
III	**JHS Svendgaard Laboratories Limited** Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030

Declaration

I hereby confirm that all the Board Members and senior management personnel of the Company have affirmed their compliance of the 'Code of Conduct for Members of the Board and Senior Management' for the period commencing from April 1, 2010 and concluding on March 31, 2011 in terms of Clause 49(I) (D) (ii) of the Listing Agreement with the Stock Exchanges.

For JHS Svendgaard Laboratories Limited

Sd/-
Nikhil Nanda
Managing Director

Place: New Delhi
Date: December 5, 2011

Compliance Certificate on Corporate Governance

To,
The Members of
JHS Svendgaard Laboratories Limited
B-1/E-23, Mohan Cooperative Industrial Area,
Mathura Road, New Delhi - 110044

I have examined all the relevant records of JHS Svendgaard Laboratories Limited for the purpose of certifying compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited & National Stock Exchange of India Limited, for the Financial Year ended on March 31, 2011. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The Compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to review of the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced, explanations and information furnished, I certify that the Company has complied with all the mandatory conditions of the said Clause 49 of the listing agreement.

For Suresh K. & Associates
Company Secretaries

Sd/-
(Suresh Kumar)
(Proprietor)
Membership No. 23811
(CP No. 8529)

Place: New Delhi
Date: December 5, 2011

Management discussion & analysis of performance

Industry structure and development

During the Financial Year 2010-11, the Fast Moving Consumer Goods markets in India continue to be attractive and have grown during the year under review. In the context of the global slowdown, the Indian market has become even more attractive and many new competitive entries have been witnessed leading to a significant increase in the overall competitive intensity. At the same time, the increased levels of inflation have had a somewhat dampening impact on the market growth of some of the categories, particularly in the second half of the year. Commodity prices have also been fairly volatile, particularly in the first half of the year.

In oral care market, your Company took actions to drive growth through highly attractive value offerings in the up-grader packs to bring quality oral care within the reach of the mass consumers. As we continue to face tough external challenges, we remain confident that we have the right strategy to build on our past successes. We remain highly focused on understanding consumers and working closely with dental professionals in oral care and with our retail customers; driving innovation in new products and throughout all our business processes; increasing effectiveness and efficiency everywhere; and strengthening our leadership worldwide.

During the financial year 2010-11, the toothpaste markets grow up near about 6-8 percent. The overall market environment continues to be very competitive. While the predominant business of the Company has been confined to Oral Care category where it faced intense competition, the outlook for industry is positive given the size of opportunity. The Company is hopeful that through a combination of powerful marketing strategies, innovative new products and expansion activities, the dentifrice market in India would continue to grow strongly over the next several years. In the face of an extreme competitive scenario and even with difficult economic conditions, the Company reinforced its leadership in the oral care market and achieved a commendable business performance.

Toothbrush

Approximately 700-800 million units per year of toothbrush are sold in the Country, your Company has a capacity of 270 million units per year including export and manufactures around 160 million units per year. By 2012 your Company plans to capture 65 -70% of the projected 1900 million unit toothbrush market.

Toothpaste

Out of the total sales of toothpaste 60% is from family platform and 35% sales on cosmetic propositions and 5% sale for therapeutic benefits. We use advanced machines and manufacture products for both domestic & international clients catering to their specific needs as per required standards.

Future Outlook

After having gone through one of the worst recessionary phases in memory, economies across the world are starting to look up. JHS Svendgaard Laboratories Limited is one of the leading providers of scientifically proven wide range of Dental and Oral Care Products with multiple benefits at various price points and is contract manufacturer for many Domestic as well as Global Brands. The range of products manufactured by the Company includes Washing Powders, Toothbrushes, Toothpastes, Whitening gel, Whitening Mouth Rinse, Denture Cleaning Effervescent Tablets, etc. and several other exciting innovations are in the pipeline. Many of these products helped to expand international business. The Company's continuing efforts and focused programs to enhance efficiencies and reduce costs continue to yield strong, positive results and fund investments in building and strengthening brand equity and the business.

While the predominant business of the Company has been confined to the Oral Care category where it faced intense competition, the outlook for industry is positive given the size of the opportunity. The Company is hopeful that through a combination of powerful marketing strategies, innovative new products and market development and expansion activities, the dentifrice market in India would continue to grow strongly over the next several years.

Opportunities and Threats

Opportunities

Oral Care market is substantially unexplored in India. Our capacities provide the benefit of having economies of scale with greater volume to leverage fixed costs on which we shall further be able to leverage on still greater volumes.

Threats

Increasing raw material prices and tough competition could force the Company to reduce prices or give value addition in existing products which could in turn effect the bottom-line. To counter this, the Company has already added Toothpaste/Mouthwash, Whitening Gels, Washing Powder and other products and also plans to launch cosmetic/new products in the coming period. This would no longer keep the Company over dependent on any one activity.

Risk and Concerns:

Your Company like any other enterprise having national as well as global business interests are exposed to business risks which may be internal as well as external. To ensure our long term corporate success, it is therefore essential that risks be effectively identified, analysed and then migrated by means of appropriate control measures. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. Your Company has comprehensive risk management system where the senior management team sets the overall tone and risk culture of the organisation through defined and communicated corporate values, which enables us to recognise and analyse risks early and to take appropriate action. This enables active monitoring of the business environment and identification, assessment and mitigation of potential internal or external risks. The Board provides oversight and reviews the Risk Management Policy. In addition, there are regular internal audit activities carried out by the team of Internal Auditors who give their independent assessment on the risk mitigating measures and provide recommendations for improvement.

Internal Control

Company's internal control systems are well commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all the offices, factories and key areas of business. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

The Company is trying to achieve adequate Internal Control Systems, which are well commensurate with the nature of its business and the size and complexity of its operations and provide reasonable assurances of recording the transactions of its operations in all material respects and protection against misuse or loss of Company Assets. Audit Committee reviews the adequacy and effectiveness of the Company’s internal control environment and monitors the implementation of audit recommendations including those relating to strengthening of the Company’s risk management policies and systems.

Environment, Health and Safety

Your Company continues another significant year with focus on the vision of an ‘Injury Free’ and ‘Zero Environment Incidents’ organisation. The Company is committed in achieving this vision through a structured management system that has been put in place and is being followed as well as rigorously monitored for continuous improvement. The Company also pays utmost attention to safety of employees, related communities and environment at large and we are continuously focusing on the vision of a safe and pollution free environment. During the year, the Company had no fatal accidents.

Human Resources

The belief that 'great people create great organisations’ has been at the core of the Company's approach to its people. We continued to make significant investments for training in the areas of marketing excellence, customer service and building capabilities for organised retail trade. Human Resources always have been, and shall continue to be, central to the growth of

Company. We consider our human resource to be our most important assets. We are continuously making efforts in the development of Human Resource through a series of employee-friendly measures aimed at talent acquisition, development, motivation and retention. Our endeavor is to develop a culture where a sense of belongingness and ownership of work are the key motivating factors and provide world class training to create a world-class work force. The aim is to lower the average employee age and invigorate the youth to take the organisation forward over the next few decades.

Segment-Wise Performance

The Segment wise Performance as on March 31, 2011 is as mentioned below:

Segment Wise Revenue, Results and Capital Employed

S.No.	Particulars	Consolidated			
		Quarter ended		Year ended	
		31/03/2011 Audited	31/03/2010 Audited	31/03/2011 Audited	31/03/2010 Audited
A.	**Segment Revenue**				
	i) FMCG	2,243.53	2,032.16	8,541.46	5,107.85
	ii) Personal Care Products - Marketing & Distribution	857.62	1,211.09	4,199.40	1,720.46
	iii) Dental Care Clinics	14.25	6.17	28.68	17.52
	Total	**3,115.40**	**3,249.42**	**12,769.54**	**6,845.83**
B.	**Segment Results: Profit/Loss Before tax and Interest**				
	i) FMCG	231.36	512.67	1,164.98	962.99
	ii) Personal Care Products -Marketing & Distribution	101.27	189.05	625.68	241.65
	iii) Dental Care Clinics	(7.06)	(4.55)	(9.05)	(15.02)
	Total	**339.69**	**697.17**	**1,781.67**	**1,189.62**
	Less:				
	Interest	60.44	92.36	371.39	299.64
	Other Unallocable Expenditure				
	Total profit before Tax Exceptional Items	279.25	604.81	1,410.22	889.98
C.	**Capital Employed** (Segment Assets - Segment Liabilities)				
	i) FMCG	5,428.04	9,550.59	7,577.70	9,550.59
	ii) Personal Care Products -Marketing & Distribution	804.71	249.97	871.92	249.97
	iii) Dental Care Clinics	–	–	–	–
	Total Capital Employed	**6,232.75**	**9,800.56**	**8,449.62**	**9,800.56**

Cautionary Statement

Statement in this report describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. These have been based on current expectations and projections about future events. Wherever possible, the management has tried to identify such statements by using words such as 'anticipate', estimate', 'expect, 'project', 'intend', 'plan', 'believe' and words of similar nature in connection with any discussion of future performance. These forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied and Management of the Company cannot guarantee that these 'forward looking statements' will be realised.

Annexure "A"

The status of employee stock option, as on March 31, 2011 is as under:

S. N.	Particulars	2010-11
1	Options granted	Nil
2	Pricing formula	Nil
3	Options vested	Nil
4	Options exercised	Nil
5	Number of Shares arising as a result of exercise of Options	Nil
6	Options lapsed/ cancelled	Nil
7	Variation of terms of Options	Nil
8	Money realised by exercise of options (in ₹)	Nil
9	Total No. of Options in force	Nil
10	Employee wise details of options granted	
	a Options granted to the Senior Managerial Persons, Promoter, Directors	Nil
	b Employees who have received Options in one year, amounting to 5% or more of Options granted during that year	Nil
	c Employees who were granted Options, during one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversations) of the Company at the time of grant	Nil
11	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option	N A
12	Difference between the employee compensation cost computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options and the impact of this difference on profits and on EPS	N A
13	Weighted average exercise prices and weighted-average fair values of options	N A
14	Exercise price	N A

Annexure "B"

1. Conservation Of Energy

The Company has always been conscious of the need for conservation of energy and has been steadily making progress towards this end. Energy conservation measures have been implemented at all units and offices of the Company and special efforts are being put on undertaking specific Energy Conservation. The Company has designed the products, which allow the consumers to get better results with less energy and less water consumption. This has resulted in cost saving for the Company. The details of energy consumption during the year are as follows:

Power and fuel Consumption	Units	2010-11	2009-10
1. Electricity			
(A) Purchased			
- Units	Kwh	17,34,673	24,67,036
- Total Amount	₹ in Lacs	78.06	103.65
- Rate/Unit	₹	4.50	4.20
(B) Own Generator			
- Through Diesel Generator Units	Kwh	44,567	3,60,000
- Unit per litre of Diesel Oil	Kwh	4.12	4.43
- Cost/Unit	₹	8.15	7.39
- Through steam turbine/generator			
2. Other/Internal generation light/diesel oil/diesel oil/furnace oil			
(A) Quantity			
Total Cost		–	–
Average Rate		–	–
(B) Consumption Per unit of Production			
1) Electricity			
Oral Care Products	Kwh/Per Unit	0.02	0.02
2) Through Diesel Generator			
Oral Care Products	Kwh/Per Unit	0.00	0.00

It is not feasible to classify energy consumption data on the basis of product categories, since the Company manufactures a large range of Oral Care Products with different energy requirement.

Annexure "C"

1. Research & Development (R&D) & Technology Absorption

The Company has continued its endeavor to absorb best of the technologies for its products range to meet the requirements of globally competitive markets. The Company undertakes from time to time, various studies for process improvement, quality improvement and economies in production cost. The Company has a R&D team having good experience and well equipped with all the latest technologies and machines that help the Company to compete with the competitors who exist in both Organised and unorganised Sector.

Disclosure of Particulars With respect to Technology Absorption

1. **Specific areas in which R& D carried out by the Company.**
   - Project of Global significance
   - Technology Upgradation
   - Quality enhancement to achieve International Standards.
   - New Process Development
   - Analysis of alternative raw materials

2. **Benefits derived as a result of the above R&D and Future plans of action**

   The R&D efforts are dedicated to development of new products and continuous improvement in process, quality and cost of existing products. The combined efforts ensured a strong a strong portfolio in all categories including Oral Care, Health Care and Personal Care products.

   This year the Company has banked upon the expenditure incurred on R&D made in previous years in all categories including oral care, healthcare and personal care products.

3. Technology, absorption, adaptation and innovation

1. **Efforts, in brief, made towards technology absorption, adaptation and innovation:**

   Continued implementation of QC/QA procedures of natural products: New products and processes were successfully adapted on commercial scale to utilise local raw materials and machinery; Technical Services for reliability, quality, cost savings and technology transfer from overseas.

2. **Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.**

   Product improvement, cost reduction, product development, imports substitution, etc. All the above efforts resulted in improving process efficiencies, consistent quality of our products, introduction of new products and import substitution and successful absorption of technology.

3. **Imported Technology:**

   The Company has the advantage of availing advanced technology and continuous up gradation thereof from China which is an unmatched competitive advantage that helps the Company deliver strong business results.

4. Foreign Exchange Earnings and Outgo

(Amount in Rupees)

Particulars	2010-11	2009-10
Foreign Exchange Outgo		
Travelling	3,41,989	7, 31,664
Raw Materials	3,34,76,913	1,65,61,981
Finished Goods	–	–
Capital Goods	69,78,662	3,31,16,270
Foreign Exchange Earnings	–	–
Earning in Foreign Exchange	1,98,18,140	8,40,94,078

Financial section

CONTENTS

Standalone
Auditors' Report

To
The Members of
JHS Svendgaard Laboratories Limited

1. We have audited the attached Balance Sheet of JHS Svendgaard Laboratories Limited ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the paragraph 3 above, we report that:
   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   iii. The balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
   v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
   vi. Without qualifying our opinion attention is invited to:
      a) The Company is having a non operative and 11 dormant accounts having total balance of ₹148,454 as per books as at March 31, 2011. We have not been received any balance confirmations for these non operative and dormant accounts from respective banks.
      b) During the current year, the Company has produced hygiene product i.e. Odonil which is not specifically covered by object clause of the Memorandum of Association.
   vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
      b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
      c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: New Delhi
Date: December 5, 2011

Annexure to the Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of JHS Svendgaard Laboratories Limited on the financial statements for the year ended March 31, 2011]

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a policy of physically verifying fixed assets according to a phased program to cover all the items over all 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. As informed, fixed assets have not been physically verified during the current year.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

(ii) (a) The inventory has been physically verified by the management during the year. The Company is not having any inventory lying with third parties.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.

(iii) (a) The Company has not granted any loan to parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii) (a) (b) (c) and (d) of the order is not applicable.

(e) The Company has taken loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is ₹26,486,500 and the year-end balance of loans are ₹14,000,000.

(f) In our opinion, the rate of interest and other terms and conditions for such loan are not, prima facie, prejudicial to the interest of the Company.

(g) In respect of the aforesaid loan, the Company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.

(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory. *However, the internal control system needs to be strengthened to commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of goods. During the course of our audit, we have observed continuing failure to correct weakness in respect to internal control system related to sale of goods. However, such controls are being strengthened subsequent to the end of reporting period.*

(v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

(vii) *The Company has an internal audit system, the scope and coverage of which, in our opinion requires to be widened to commensurate with the size and nature of its business.*

(viii) We have broadly reviewed the books of account relating to the manufacture of Toothpastes, mouthwash and room fresheners pursuant to the Rules made by the Central Government of India, for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act , 1956 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central government has not prescribed maintenance of cost records for any other products of the Company.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, sales tax, investor education and investor fund, customs duty, excise duty. *However, there have been delays in deposition of Tax deducted at source, Service tax, Provident fund and Employees' state insurance applicable to it.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act,1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Amount (₹)	Period to which the amount relates	Forum where dispute is pending	Amount deposited under protest	Remarks
Sales Tax	2,90,833	FY 2007-08	Sales tax Appellate	290,833	These demands are for non deposition of CSTforms. The forms have been subsequently deposited with the authorities.
Sales Tax	6,55,188	FY 2006-07	Sales tax Appellate	655,188	

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank and there are no dues to debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations provided to us, during the year the Company has provided corporate guarantees amounting ₹25 Crores and ₹18.60 Crores to ICICI Bank Limited for loans taken by Waves hygiene Products and JHS Svendgaard Hygiene Products Limited respectively. Amalgamation with these entities was approved by the Board vide its meeting dated July 7, 2010. Pending amalgamation approvals from Hon'ble High Court we are unable to comment, whether the terms and conditions of guarantees given by the Company, are prejudicial or not to the interest of the Company.

(xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, no debentures have been issued by the Company during the year.

(xx) The Company has not raised money by way of public issue during the year.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: New Delhi
Date: December 5, 2011

Balance Sheet As at March 31, 2011

(Amounts in ₹)

	Schedule	As at March 31, 2011	As at March 31, 2010
I. SOURCES OF FUNDS:			
1. **Shareholders' Funds:**			
a) Share Capital	1	145,500,070	144,500,070
b) Reserves and Surplus	2	616,271,561	572,062,107
2. Loan Funds:			
a) Secured Loans	3	430,436,464	402,014,551
b) Unsecured Loans	4	43,000,000	11,176,500
		1,235,208,095	**1,129,753,228**
II. APPLICATION OF FUNDS:			
1. **Fixed Assets:**	5		
a) Gross Block		749,584,644	735,976,099
b) Less: Accumulated depreciation, amortisation and impairment		172,951,494	100,796,636
Net Block		576,633,150	635,179,463
c) Capital Work in Progress		132,379,766	124,127,566
		709,012,916	759,307,029
2. **Investments**	6	1,588,330	1,588,330
3. **Deferred Tax Assets (Net)**	21 C (14)	2,775,094	1,962,343
4. **Current Assets, Loans and Advances:**			
a) Inventories	7	189,490,760	165,181,060
b) Sundry Debtors	8	492,715,462	295,479,114
c) Cash and Bank Balances	9	4,626,350	2,479,465
d) Other Current Assets	10	3,611,676	3,611,676
e) Loans and Advances	11	65,938,088	58,850,301
		756,382,336	525,601,616
Less : Current Liabilities and Provisions:			
a) Current Liabilities	12	198,530,258	132,282,257
b) Provisions	13	36,020,323	26,423,833
		234,550,581	158,706,090
Net Current Assets		521,831,755	366,895,526
		1,235,208,095	**1,129,753,228**
Significant Accounting Policies and Notes to the Financial Statements	21		

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.: 103523W

For and on behalf of the Board of Directors of
JHS Svendgaard Laboratories Limited

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Sd/-
Nikhil Nanda
Managing Director

Sd/-
Gopal Krishna Nanda
Director

Sd/-
Anshu Kumar Chakravoarty
Company Secretary

Place: New Delhi
Date: December 5, 2011

Place: New Delhi
Date: December 5, 2011

Profit and Loss Account For the year ended March 31, 2011

(Amounts in ₹)

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME			
Sales	14	856,868,135	511,632,243
Less: Excise Duty		2,721,965	847,338
		854,146,170	510,784,905
Other Incomes	15	16,528,307	1,185,525
		870,674,477	**511,970,430**
EXPENDITURE:			
(Increase)/ Decrease in finished goods, work in progress and semi finished goods	16	(17,070,940)	7,913,729
Purchase of goods for resale		221,378,278	542,205
Material consumed	17	379,028,910	266,771,045
Personnel expenses	18	35,339,490	42,121,355
Administrative, manufacturing, selling and other expenses	19	66,151,294	57,365,302
Finance expenses	20	37,095,006	29,784,890
Depreciation, amortisation and impairment	5	69,393,447	41,330,912
		791,315,485	**445,829,438**
Profit before taxation		79,358,992	66,140,992
Less: Tax expense			
Current tax charge		16,400,000	10,981,660
Deferred tax benefit (refer note no. 14 of Schedule 21C)		(812,751)	(1,904,516)
Wealth tax		34,063	40,000
Profit after Taxation, before prior period items and appropriations		63,737,680	57,023,848
Prior Period Adjustments (refer note no. 7 of Schedule 21C)		3,602,754	–
Profit available for appropriation		**60,134,926**	**57,023,848**
Appropriations			
- Proposed Dividend (Current year) (refer note no. 25 of Schedule 21C)		12,787,505	7,225,004
- Corporate Dividend Tax (Current year)		2,074,517	1,199,983
- Proposed Dividend (Previous year) (refer note no. 28 of Schedule 21C)		50,000	–
- Corporate Dividend Tax (Previous year) (refer note no. 28 of Schedule 21C)		8,250	–
		45,214,654	**48,598,861**
Balance as per previous year		159,754,389	111,155,528
Balance carried to Balance Sheet		**204,969,043**	**159,754,389**
Earnings per share			
Basic earnings per share		4.14	4.16
Diluted earnings per share		4.14	3.95
(Refer note no. 13 of Schedule 21C)			
Significant Accounting Policies and Notes to the Financial Statements	21		

Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date attached

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.: 103523W

For and on behalf of the Board of Directors of
JHS Svendgaard Laboratories Limited

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Sd/-
Nikhil Nanda
Managing Director

Sd/-
Gopal Krishna Nanda
Director

Sd/-
Anshu Kumar Chakravoarty
Company Secretary

Place: New Delhi
Date: December 5, 2011

Place: New Delhi
Date: December 5, 2011

Schedules Forming Part of the Standalone Financial Statements For the year ended March 31, 2011

(Amounts in ₹)

		As at March 31, 2011		As at March 31, 2010
1 SHARE CAPITAL				
Authorised:				
18,000,000 (previous year 18,000,000) Equity Shares of ₹10 each		180,000,000		180,000,000
Issued, Subscribed and Paid up capital:				
14,550,007 (previous year 14,450,007) Equity Shares of ₹10 each fully paid up.		145,500,070		144,500,070
(Refer note no. 23 and 24 of Schedule 21C)				
		145,500,070		**144,500,070**

2 RESERVES AND SURPLUS				
General Reserve	3,672,950		3,672,950	
Less: Adjustment during the year*	3,005,200	667,750	–	3,672,950
Capital Reserve				
Forfeiture of Equity Share Warrant		230,000		230,000
Securities Premium	408,404,768		352,604,768	
Add: Addition during the year	2,000,000	410,404,768	55,800,000	408,404,768
Profit and Loss Account		204,969,043		159,754,389
		616,271,561		**572,062,107**

* Refer note no. 18 of Schedule 21C

3 SECURED LOANS				
A. From Banks				
(1) Term Loans				
(a) External Commercial Borrowings	132,878,400		54,890,240	
(b) Other Term Loans	71,462,311	204,340,711	179,115,520	234,005,760
(2) Working Capital Loans				
(a) Packing credit loan	151,085,403		13,542,000	
(b) Rupee Loan	68,896,614		142,371,296	
(c) Bill Discounting	–	219,982,017	4,490,961	160,404,257
(3) Vehicle Loans		6,113,736		7,559,296
B. Interest accrued and due		–		45,238
		430,436,464		**402,014,551**

1. Term Loan in the form of External Commercial Borrowings and other Term Loans are secured against exclusive charge on all movable fixed assets being financed by the facility and first charge on all the immovable fixed assets of the Company being financed by the facility. Equitable mortgage of land owned by the Company at Kala-Amb and personal guarantee of one of the Directors. Second charge on current assets of the Company.
2. Working Capital Loans in the form of Cash Credit, Packing Credit, Bill Discounting is secured by way of hypothecation of the Company's stock, book debts, export bills, both present & future, second charge on movable and immovable fixed assets and pledge of 30% shares of the Company.
3. Vehicle Loan are secured against hypothecation of respective vehicles.

4 UNSECURED LOANS				
Short Term				
Loan from directors		14,000,000		1,176,500
Loan from others		29,000,000		10,000,000
		43,000,000		**11,176,500**

5 FIXED ASSETS

(Amounts in ₹)

Description	GROSS BLOCK				DEPRECIATION, AMORTISATION AND IMPAIRMENT				NET BLOCK	
	As at April 1, 2010	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2011	As at April 1, 2010	For the year*	Deletions / Adjustments during the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Tangible Assets										
Land	9,105,752	–	–	9,105,752	–	–	–	–	9,105,752	9,105,752
Building	143,068,734	225,090	–	143,293,824	3,296,199	7,431,651	–	10,727,850	132,565,974	139,772,535
Plant and Machinery	372,801,245	6,940,782	948,735	378,793,292	68,564,604	28,114,127	180,196	96,498,535	282,294,757	304,236,641
Mould and Dies	170,931,435	6,126,693	–	177,058,128	19,769,081	32,607,254	–	52,376,335	124,681,793	151,162,354
Computers	2,309,556	256,551	–	2,566,107	1,008,821	424,950	–	1,433,771	1,132,336	1,300,735
Furniture and Fixture	13,127,997	292,356	–	13,420,353	2,653,604	841,468	–	3,495,072	9,925,281	10,474,393
Vehicle	19,452,258	699,263	–	20,151,521	3,793,487	1,909,116	–	5,702,603	14,448,918	15,658,771
Intangible Assets										
Computer Software	5,179,122	16,545	–	5,195,667	1,710,840	1,006,488	–	2,717,328	2,478,339	3,468,282
Current Year	**735,976,099**	**14,557,280**	**948,735**	**749,584,644**	**100,796,636**	**72,335,054**	**180,196**	**172,951,494**	**576,633,150**	**635,179,463**
Previous Year	**538,066,111**	**197,909,988**	**–**	**735,976,099**	**59,465,724**	**41,330,912**	**–**	**100,796,636**	**635,179,463**	
Capital work in progress including capital advances **									132,379,766	124,127,566
									709,012,916	759,307,029

* Depreciation for the year includes ₹2,941,607 as depreciation on factory building pertaining to prior period (refer note 7 of Schedule 21C).
** Includes capital advances of ₹130,293,848 (previous year ₹124,127,566) (refer note no 6 of Schedule 21C)

	As at March 31, 2011		As at March 31, 2010	
6 INVESTMENTS				
Long term, unquoted and non trade				
Investment in shares of subsidiaries*				
JHS Svendgaard Dental Care Limited				
29,996 (previous year 29,996) fully paid Equity Shares of face value of ₹10	299,960		299,960	
Jones H Smith , U.A.E.				
1 (previous year 1) fully paid Equity Shares of Arab Emirates Dhirams 100,000 each	1,088,330	1,388,290	1,088,330	1,388,290
Less: Provision for diminution in value of investment		299,960		299,960
		1,088,330		1,088,330
Investment in shares of others*				
JHS Svendgaard Hygiene Products Limited				
(formerly known as Nikiven Personal Care Private Limited, India)				
50,000 (previous year: 50,000) fully paid Equity Shares of face value of ₹10 each	500,000		500,000	
		500,000		500,000
		1,588,330		**1,588,330**

*Refer note no. 10 Schedule 21C

7 INVENTORIES

- Raw materials (including packaging materials)	114,962,087		108,132,229	
- Stores and spares	270,649		5,811	
- Work in progress	11,094,296		9,214,959	
- Finished goods*	69,510,601	195,837,633	54,174,934	171,527,933
Less: Provision for slow moving/obsolete stock		6,346,873		6,346,873
		189,490,760		**165,181,060**

*Finished Goods include excise duty of ₹310,819 (previous year ₹363,645) payable on goods manufactured but not sold as at March 31, 2011.

(Amounts in ₹)

		As at March 31, 2011		As at March 31, 2010
8 SUNDRY DEBTORS				
(Unsecured, considered good unless otherwise stated)				
Debts outstanding for a period exceeding six months				
a) Considered good *	146,452,219		35,148,844	
b) Considered doubtful	3,814,560		3,814,560	
Other debts**	346,263,243	496,530,022	260,330,270	299,293,674
Less: Provision for Doubtful Debts		3,814,560		3,814,560
		492,715,462		**295,479,114**

* Includes ₹6,540,847 (previous year ₹4,129,179) due from companies under the same management as defined under section 370(1B) of Companies Act, 1956 (refer note no. 10 of Schedule 21C)

** Includes ₹5,296,501 (previous year ₹ Nil) due from companies under the same management as defined under section 370(1B) of Companies Act, 1956 (refer note no. 10 of Schedule 21C)

9 CASH AND BANK BALANCES				
Cash in hand		335,190		613,384
Balances with scheduled banks in:				
Current accounts	1,370,055		385,941	
Unclaimed dividend account	78,570		28,843	
Fixed deposits (pledged with Government Departments)	2,842,535	4,291,160	1,451,297	1,866,081
		4,626,350		**2,479,465**

10 OTHER CURRENT ASSETS				
Export incentive receivable		3,611,676		3,611,676
		3,611,676		**3,611,676**

11 LOANS AND ADVANCES				
(Unsecured, considered good unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received				
- Considered good	7,746,576		17,547,027	
- Considered doubtful	1,224,250	8,970,826	1,224,250	18,771,277
Advance tax (net of Provisions aggregating ₹11,000,000 (previous year ₹ Nil)	570,943		6,537,120	
Advance to supplier*	42,374,933		17,234,294	
Loans and advances to subsidiaries*	4,714,772		3,364,772	
Balance with Central Excise and Custom Authorities	7,780,003		11,226,287	
Input VAT Credit	429,748		707,702	
Security deposits	2,321,113	58,191,512	2,233,099	41,303,274
		67,162,338		60,074,551
Less : Provision for Doubtful Advances		1,224,250		1,224,250
		65,938,088		**58,850,301**

* Refer note no. 10 of Schedule 21C

(Amounts in ₹)

	As at March 31, 2011		As at March 31, 2010	
12 CURRENT LIABILITIES				
Sundry Creditors				
Due to Micro and Small enterprises*	–		–	
Others # €	160,842,165	160,842,165	94,545,314	94,545,314
Advance from Customers		11,017,895		26,160,511
Other Liabilities$		2,077,618		1,418,185
Expenses Payable		8,739,492		7,700,120
Interest accrued but not due on loans		1,775,890		1,816,014
Book Overdraft		13,998,628		613,270
Investor Education & Protection fund shall be credited by following amounts (as and when due):				
Unclaimed Dividend on Equity Shares		78,570		28,843
		198,530,258		132,282,257

* Refer Note No.17 of Schedule 21C

\# Includes ₹1,350,574 (previous year ₹847,979) due to the Director (refer note no. 10 of Schedule 21C)

€ Includes ₹13,246,947 (previous year ₹248,174) due to companies under the same management as defined under section 370(1B) of Companies Act, 1956 (refer note no. 10 of Schedule 21C)

$ Includes statutory dues payable in respect of employee benefits payable such as provident fund, employee state insurance etc ₹160,970 (previous year ₹120,231).

		As at March 31, 2011		As at March 31, 2010
13 PROVISIONS				
Provision for gratuity*		870,838		1,191,509
Provision for proposed dividend		12,787,505		7,225,004
Tax on proposed dividend		2,074,517		1,748,072
Provision for tax [net of advance tax and tax deducted at source aggregating to ₹1,369,343 (previous year ₹6,537,120)]		20,287,463		16,259,248
		36,020,323		26,423,833

* Refer note no 8 of Schedule 21C

(Amounts in ₹)

	For the year ended March 31, 2011		For the year ended March 31, 2010	
14 SALES				
Domestic				
- Domestic Sales		456,543,602		426,648,793
- Trading Sales		378,271,210		–
- Domestic tarrif Area Sales		–		118,308
Exports				
- Export Sales		19,818,140		82,653,386
Scrap sales		2,235,183		2,211,756
		856,868,135		511,632,243

Schedules Forming Part of the Standalone Financial Statements For the year ended March 31, 2011

(Amounts in ₹)

	For the year ended March 31, 2011		For the year ended March 31, 2010	
15 OTHER INCOMES				
Interest income on				
- Deposit *	129,557		80,221	
- Income Tax Refund	–	129,557	628,723	708,944
Export incentives		–		45,600
Miscellaneous income		9,237,594		417,945
Excess provision written back		284,360		13,036
Foreign Exchange gain (Net)**		6,876,796		–
		16,528,307		1,185,525

* Tax deducted at source ₹13,271 (previous year ₹1,503)

** Refer note no. 21 of Schedule 21C

16 (INCREASE)/ DECREASE IN FINISHED GOODS, WORK IN PROGRESS AND SEMI FINISHED GOODS				
Finished Goods				
Opening stock	54,174,934		63,317,314	
Less: Closing stock	69,510,601	(15,335,667)	54,174,934	9,142,380
Work in Progress				
Opening stock	9,214,959		3,628,146	
Less: Closing stock	11,094,296	(1,879,337)	9,214,959	(5,586,813)
Purchase of semi finished goods		196,889		4,244,165
(Decrease)/ Increase in excise duty on closing stock		(52,826)		113,997
		(17,070,940)		7,913,729

17 MATERIAL CONSUMED				
Raw Material Consumed (including packing materials):				
Opening stock	108,132,229		100,054,325	
Add: Purchases	384,578,223		273,826,314	
	492,710,452		373,880,639	
Less: Closing Stock	114,962,087	377,748,365	108,132,229	265,748,410
Stores and Tools Consumed:				
Opening stock	5,811		49,837	
Add: Purchases	1,545,383		978,609	
	1,551,194		1,028,446	
Less: Closing stock	270,649	1,280,545	5,811	1,022,635
		379,028,910		**266,771,045**

18 PERSONNEL EXPENSES				
Salaries, wages, bonus and allowances*		33,198,297		39,629,661
Contribution to provident fund and ESIC		1,215,885		1,370,832
Workmen and staff welfare expenses		715,119		693,624
Recruitment and training expenses		210,189		160,807
Gratuity		–		266,431
		35,339,490		**42,121,355**

* includes remuneration to the Directors ₹1,820,988 (previous year: ₹1,659,167). Refer note no. 15 of Schedule 21C)

(Amounts in ₹)

	For the year ended March 31, 2011		For the year ended March 31, 2010	
19 ADMINISTRATIVE, MANUFACTURING, SELLING AND OTHER EXPENSES				
Lease Rent*		2,798,026		3,433,034
Advertisement Expenses		10,408,853		822,880
Business Promotion		1,145,666		408,814
Repairs and Maintenance				
- Plant and Machinery	5,742,460		6,845,643	
- Building	1,973,336		1,543,989	
- Others	1,003,207	8,719,003	922,312	9,311,944
Provision for Doubtful Debts		–		3,445,202
Provision for Diminution in Value of Investment		–		299,960
Provision for slow moving / Obsolete Stock		–		1,126,487
Provision for Doubtful Advances		–		1,224,250
Foreign exchange loss (Net)$		–		787,030
Freight and cartage (Net)		517,260		1,492,500
Insurance		1,517,510		1,596,541
Legal and professional fees		7,032,812		2,382,717
Postage, telephone and printing stationery		2,988,840		2,424,859
Travelling and conveyance expenses		5,215,534		3,161,705
Loss on sale of fixed assets		18,848		–
Directors' sitting fees		35,500		27,000
Job work charges		9,265,890		2,673,425
Freight inward		1,424,891		1,010,105
State excise duty		563,939		761,209
Power and fuel		9,302,597		15,816,962
Testing charges		16,819		174,262
Auditor's remuneration**		1,077,285		539,851
Miscellaneous expenses		4,102,021		4,444,565
		66,151,294		**57,365,302**

* Refer note no. 12 of Schedule 21C

** Refer note no. 16 of Schedule 21C

$ Refer note no. 21 of Schedule 21C

20 FINANCE EXPENSES				
Interest paid to				
- Banks		27,808,842		26,728,526
- Others		2,335,240		–
Bank Charges		6,950,924		3,056,364
		37,095,006		**29,784,890**

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS

A. BACKGROUND

The Company is engaged in manufacturing a range of Oral and Dental products for elite national and international brands. The main portfolio of the Company is to carry out manufacturing, exporting, importing and trading of oral care/ hygiene products including toothbrushes and toothpastes mouthwash, Denture tablets, sanitizers etc.

B. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

   The Financial Statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provision of the Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India, to the extent applicable. The Financial Statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been constantly applied by the Company.

2. Use of Estimates

   The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, revenue and expenses during the reporting period. Although such estimates and assumptions are made on reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognised in the period in which the results are crystallised.

3. Fixed Assets and Depreciation

   a) Fixed Assets are stated at cost of acquisition, which is inclusive of taxes, freight, installation and allocated incidental expenditure during construction/ acquisition and exclusive of CENVAT Credit is available to the Company.

   b) Advances paid towards the acquisition of fixed assets outstanding at balance sheet date and the cost of fixed assets not put to use before such date are disclosed under the head Capital Work-in-Progress.

   c) Depreciation on fixed assets, except intangibles is provided at minimum rates prescribed in Schedule XIV of the Companies Act, 1956 on straight line basis on pro rata basis from the respective number of days after addition/ before discard or sale of fixed assets by leaving residual value of Re.1 except that moulds and dies are depreciated over the useful life of 5 Years as estimated by the management.

   d) Individual assets costing ₹5,000 or less are fully depreciated in the year of purchase.

   e) Intangible assets comprise of Computer Software and are amortised over a period of five years. All costs relating to up gradation /enhancements are generally charged off as revenue expenditure unless they bring significant additional benefits of enduring nature.

4. Impairment of Assets

   An asset is treated as impaired when carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the profit and loss account when asset is identified as impaired. Reversal of impairment loss recognised in prior periods is recorded when there is an indication that impairment loss recognised for the assets no longer exists or has decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortised, if no impairment loss has been recognised Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life. The Company periodically assesses using external and internal resources whether there is an indication that an asset may be impaired.

5. Inventories

   a) Raw materials, packaging materials and stores & spare parts are carried at cost. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used. The carrying cost of raw materials, packaging materials and stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials and finished products in which these will be incorporated are expected to sell below cost.

   b) Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realisable value. The comparison of cost and net realisable value is made on an item by item basis. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

traded goods is determined on a weighted average basis. Finished products and work in progress includes appropriate production overheads.

c) Excise duty liability is included in the valuation of closing inventory of finished goods. Excise duty payable on finished goods is accounted for upon manufacture and transfer of finished goods to the stores. Payment of excise duty is deferred till the clearance of goods from the factory premises.

6. Revenue recognition

a) Revenue from sale of goods is recognised on transfer of significant risk and rewards of ownership to the customer. Revenue includes excise duty and is net of Sales Tax, Value Added Tax and applicable discounts and allowances.

b) Interest income from deposits is recognised on accrual basis.

c) Dividend is recognised when the right to receive of the same is established.

d) Export incentives principally comprise of Duty Entitlement Pass Book Scheme (DEPB). The benefit under these incentive schemes are available based on the guideline formulated for respective schemes by the government authorities. DEPB is recognised as revenue on accrual basis to the extent it is probable that realisation is certain.

7. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition or construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred and charged to revenue.

8. Foreign currency transactions

a) Initial Recognition: Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion: Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) Exchange Differences: Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences, in respect of accounting periods commencing on or after December 7, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortised over the balance period of such long-term asset/liability but not beyond accounting period ending on or before March 31, 2011

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

9. Investments

Investments are valued as per AS – 13 "Accounting for Investments". Investments that are readily realisable and are intended to be held for not more than One year are classified as current investments. All other investments are classified as long-term investments, even though they may be readily marketable. The cost of an investment includes acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments including investments in subsidiaries are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

10. Employee Benefits

a) Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. Benefits such as salaries, wages, short term compensated absence and bonus etc are recognised in the Profit and Loss Account in the period in which the employee renders the related service.

b) Post employment benefits:

I. Defined contribution plans:

Provident Fund Contribution: In accordance with the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952, eligible employees of the Company are entitled to receive benefits with respect to provident fund, a defined contribution plan in which both the Company and the employee contribute monthly at a determined rate (currently 12% of employee's basic salary). Company's contribution to Provident Fund is charged to the Profit and Loss Account.

Employee State Insurance Contribution: The Contributions for Employee State Insurance Contribution are deposited with the appropriate government authorities and are recognised in the Profit & Loss Account in the financial year to which they relate and there is no further obligation in this regard.

II. Defined Benefit Plans:

Gratuity: The Company provides for retirement benefits in the form of Gratuity. The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under the defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of the related obligations. Actuarial gains and losses are recognised immediately in the profit and loss account.

11. Accounting for taxes on income

a) Tax expenses comprises of Current Tax, Deferred Tax and Wealth Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

b) Deferred Income Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred Tax is measured based on the tax rates and the tax law enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realised in future where as in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation backed by convincing evidence. Deferred tax assets are reviewed at each balance sheet date.

c) Minimum Alternative Tax (MAT) payable under the provisions of the Income-tax Act, 1961 is recognised as an assets in the year in which credit become eligible and is set off to the extent allowed in the year in which the entity becomes liable to pay income tax at the enacted tax rates.

12. Provisions, Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognised but are disclosed in the notes to accounts. Payment in respect of such Contingent liabilities, if any, is shown as balance with Statutory Authorities under head loans and advances, till the final outcome of the matter.

Contingent Assets are neither recognised nor disclosed in the financial statements.

Provisions are recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle obligation(s), in respect of which estimate can be made for the amount of obligation. Provisions are not discounted to its present value. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

13. Earnings per share

Basic Earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

after tax (and including post tax effect of any extra-ordinary item) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period, are adjusted for events of bonus issue to existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares, if any, except when the results would be anti- dilutive.

14. Leases

a) Operating lease

As Lessee

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as an operating lease. Lease payments under operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease period.

As Lessor

The assets given under operating lease are shown in the Balance Sheet under fixed assets and depreciated on a basis consistent with the depreciation policy of the Company. The lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease period.

b) Finance lease

Assets taken on finance lease are capitalised at an amount equal to the fair value of the leased assets or the present value of minimum lease payments at the inception of the lease, whichever is lower. Such leased assets are depreciated over the lease tenure or the useful life, whichever is shorter. The lease payment is apportioned between the finance charges and reduction of outstanding liability. The finance charge is allocated to the periods over the lease tenure to produce a constant periodic rate of interest on the remaining liability.

15. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effect of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities are segregated.

C. NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Contingent Liabilities and commitments

(Amounts in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
(i) Claim made against the Company not acknowledged as debts		
- Sales Tax Demands for non submission of statutory forms.*	946,021	655,188
- Case filed by Fixed Assets Vendor for moulds and legal charges	1,461,000	–
(ii) Estimate amount of contracts remaining to be executed on capital account and not provided for (net of Capital Advances)	6,569,875	5,780,461
(iii) Others:		
(a) Bank Guarantee issued by Bank (margin money kept by way of fixed deposit ₹15,000 (previous year ₹500,000))	145,417	5,000,000
(b) Corporate guarantees given by the Company to Banks on behalf of others.**	436,000,000	–
(c) Outstanding letter of credit (margin money kept by way of fixed deposit ₹3,559,410 (previous year ₹250,000))	17,877,557	2,451,102

* The Company has preferred an appeal before Commissioner and deposited the same under protest.

** The Company has provided a corporate guarantee in favour of ICICI Bank Limited for credit facilities sanctioned by the bank to the following entities:

- Wave Hygiene Products (Partnership Firm) : ₹250,000,000
- JHS Svendgaard Hygiene Products Limited : ₹186,000,000

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

The Board of Directors has approved the Scheme of Amalgamation of the above two entities with the Company on July 7, 2010. The said scheme was pending for approval in the Delhi High Court and Shimla High Court as on March 31, 2011. Subsequently, it has been approved by Delhi High Court on August 30, 2011 and approval of Shimla High Court was pending. These financial statements are prepared without giving effect to this amalgamation.

Note: Based on the past experience, interpretations of the provisions of Income Tax and Provisions of Service Tax, the Company is of the view that the above demands are likely to be deleted or substantially reduced and accordingly no provision has been made.

2. The details of fund raised through Initial Public Offerings and utilisation of such fund are given below: -

(Amounts in ₹)

Sl No.	Particulars	As at March 31, 2011	As at March 31, 2010
A.	Funds raised through Initial Public Offerings	388,619,256	388,619,256
B.	Utilisation by way of expansion plan/New Project		
	- Building and civil works	86,339,862	86,339,862
	- Plant and Machinery	210,208,224	210,208,224
	- Margin money for working capital	16,025,000	16,025,000
	- General Corporate Purposes	37,830,987	37,830,987
	- IPO Expenses	37,921,369	37,921,369
	- Fixed Deposit (Including Bank Balance)	293,814	–
	Total Funds utilised	**388,619,256**	**388,325,442**
	- Fixed Deposit Receipts (Including Bank Balance)	–	293,814
	Total Unutilised funds	–	**293,814**

3. The balances of the accounts comprised in sundry debtors, creditors and advances are subject to confirmations/ reconciliation and consequential adjustments.

4. In the opinion of the Board, the current assets, loans and advances appearing in the Company's Balance Sheet as at year end would have realisable value at least equal to the respective amounts at which they are stated in the balance sheet.

5. The provision for all liabilities is adequate and not in excess of the amounts considered reasonably necessary.

6. Cost capitalised / Capital work-in-progress include the following:

(Amounts in ₹)

Sl No.	Particulars	As at March 31, 2011	As at March 31, 2010
[i]	Capital advances to vendor(i)	130,293,848	124,127,566
[ii]	Capital Work In Progress		
	Opening balance	NIL	NIL
	Add: Additions during the year		
	Plant & Machinery	27,575	–
	Interest on Borrowed Capital	2,022,060	NIL
	Building	235,430	
	Less: Capitalised during the year		
	Plant & Machinery		
	Building	199,147	NIL
	Balance as at year end (ii)	2,085,918	NIL
	Total of [i] and [ii]	**132,379,766**	**124,127,566**

7. Prior Period Items:

(Amounts in ₹)

Sl No.	Particulars	For the year ended March 31, 2011
1	Rectification of depreciation rates on Factory buildings related to year 2007-08 to 2009-10	2,941,607
2	Advertisement expenses related to year 2009-10.	661,147
	Total	3,602,754

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

8. **Employee Benefit Obligations**

As per Accounting Standard 15 "Employee Benefits" the disclosures of Employees benefits as defined in the Accounting Standard are given below:

a) **Defined Contribution Plan** - Employer's Contribution to Provident Fund and Employees' State Insurance Scheme recognised as expense in the Profit and Loss Account for the year are as under:

(Amounts in ₹)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Contribution to Provident Fund	916,011	1,114,266
Contribution to Employees' State Insurance Scheme	299,874	256,566

b) **Defined Benefit Plan**

Gratuity - The present value obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations. The summarised positions of various defined benefits are as under:

I. **Reconciliation of opening and closing balances of defined benefit obligation**

(Amounts in ₹)

Particulars	Gratuity (unfunded)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Defined benefit obligation at the beginning of the year	1,191,509	925,078
Interest Cost	95,321	70,306
Current service cost	266,256	328,381
Actuarial (gain)/loss on obligation	(645,937)	(132,256)
Benefits paid	(36,311)	–
Present value of obligation at the end of the year	870,838	1,191,509

II. **Expense recognised during the year**

(Amounts in ₹)

Particulars	Gratuity (unfunded)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Current service cost	266,256	328,381
Interest cost	95,321	70,306
Expected return on plan assets	–	–
Net Actuarial (Gain)/Loss recognised	(645,937)	(132,256)
Expenses recognised in the statement of profit and loss	(284,360)	266,431

III. **Amount for the Current period**

(Amounts in ₹)

Particulars	Gratuity (unfunded)				
	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007
Present value of obligation	870,838	1,191,509	925,078	581,139	556,009
Surplus/(Deficit)	(870,838)	(1,191,509)	(925,078)	(581,139)	(556,009)
Experience adjustments on plan assets-(Loss)/ Gain or on account of actuarial Gain/ Loss*	645,937	132,256	85,556	447,738	–

* Assuming all Actuarial (gain)/Loss comprises of experience adjustments only.

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

IV. Actuarial assumptions

Particulars	Gratuity (unfunded)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Economic Assumptions:		
Discount rate (p.a.)	8.00%	8.00%
Rate of escalation in salary (p.a.)	7.00%	7.00%
Expected return on plan assets (p.a.)	–	–
Demographic Assumptions:		
Retirement Age	58 Years	
Mortality Table (LIC)	LIC (1994-96) duly modified	
Withdrawal Rates (All Ages)	7%	

The estimate for rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by the actuary.

9. **Segment Reporting (as per AS – 17 Segment Reporting)**

In accordance with AS-17 "Segment Reporting", segment information has been given in the consolidated financial statements of JHS Svendgaard Laboratories Limited, and therefore, no separate disclosure on segment information is given in these financial statements.

10. **Related Party**

The Disclosures as required by the Accounting Standard -18 (Related Party Disclosure) are as under:

a. **Name of related parties and description of relationship:**

S. No	Relationships	Name of Related Party
i.	Enterprise under control of the reporting enterprise	a) Jones H. Smith, FZE (United Arab Emirates) b) JHS Svendgaard Dental Care Limited (India)
ii.	Key Management Personnel	a) Mr. Nikhil Nanda (Managing Director) b) Mr. Gopal Krishna Nanda (Whole-time Director) c) Mr. Puneet Kumar Manglik* (Executive Director)
iii.	Relatives of Key Managerial Personnel	a) Mr. H C Nanda (Father of Mr. Nikhil Nanda) b) Mr. Sumit Nanda (Brother of Mr. Nikhil Nanda) c) Mr. Puneet Nanda (Brother of Mr. Nikhil Nanda)
iv.	Enterprises over which significant influence can be exercised by persons mentioned in (ii) & (iii) above or enterprise that have a member of key management in common with the reporting enterprise.	a) Berco Engineering Private Limited b) Dr. Fresh Inc, USA. c) Sunehari Exports Limited d) Number One Real Estate Private Limited e) JHS Svendgaard Hygiene Products Limited** f) JHS Svendgaard Entertainment Private Limited g) JHS Svendgaard Infrastructure Private Limited h) Magna Impex Private Limited i) Waves Hygiene Products

* Mr. Puneet Kumar Manglik had ceased to be the Executive Director of the Company from October 31, 2009

** JHS Svendgaard Hygiene Products Limited had ceased to be the subsidiary in the financial year 2009-10 and has become an enterprise over which Key Managerial Personnel and their relatives are able to exercise significant influence.

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

b. Transaction with related parties taken place during the year: *(Amounts in ₹)*

Sl No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence	Subsidiary Companies
a.	Revenue:			
(i)	Sales of Finished Goods	– (–)	15,999,132 (4,753,889)	– –
	Total	– (–)	**15,999,132** **(4,753,889)**	– –
b.	Purchases:			
(i)	Purchases of Trading Goods	– (–)	14,039,855 (–)	– (–)
	Total	– (–)	**14,039,855** (–)	– (–)
c.	Expenditure:			
(i)	Rent	1,323,600 (1,323,100)	827,250 (1,654,500)	– (–)
(ii)	Electricity Expenses	2,541,157 (1,640,777)	– (–)	– (–)
(iii)	Directors Remuneration	1,820,988 (1,659,167)	– (–)	– (–)
	Total	**5,685,745** **(4,623,044)**	**827,250** **(1,654,500)**	– (–)
d.	Unsecured Loans:			
(i)	Loans taken	14,729,700 (1,000,000)	– (–)	– (–)
(ii)	Loans Repaid	1,906,200 (1,200,000)	– (–)	– (–)
e.	Loans and Advances:			
(i)	Loans and Advances given	– (–)	11,310,000 (22,760,664)	1,350,000 (1,863,156)
(ii)	Repayment received	– (–)	11,310,000 (56,644,492)	– (–)
f.	Bad debts written off:	– (–)	– (–)	93,353 (Nil)
g.	Corporate Guarantees given:	– (–)	436,000,000 (–)	– (–)

a. Details of material transactions with related parties: *(Amounts in ₹)*

Sl No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence	Subsidiary Companies
a.	Revenue:			
(i)	Sales of Finished Goods:			
	- Dr. Fresh Inc	– (–)	15,999,132 (4,435,550)	– (–)
b.	Purchases:			
(i)	Purchases of Trading Goods:			
	- Dr. Fresh Inc	– (–)	9,387,972 (–)	– (–)
	- JHS Svendgaard Hygiene Products Limited	– (–)	4,651,883 (–)	– (–)

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

a. Details of material transactions with related parties *(Contd.)*: *(Amounts in ₹)*

Sl No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence	Subsidiary Companies
c.	**Expenditure:**			
(i)	Rent Paid:			
	- Nikhil Nanda	1,323,600 (1,323,100)	– (–)	– (–)
	- Berco Engineering Private Limited	– (–)	827,250 (1,654,500)	– (–)
(ii)	Electricity Expenses Paid:			
	- Nikhil Nanda	2,541,157 (1,640,777)	– (–)	– (–)
(iii)	Directors Remuneration:			
	- Nikhil Nanda	1,700,988 (1,294,167)	– (–)	– (–)
d.	**Unsecured Loans:**			
(i)	Loans taken:			
	- Nikhil Nanda	14,729,700 (1,000,000)	– (–)	– (–)
(ii)	Loans Repaid:			
	- Nikhil Nanda	1,906,200 (1,200,000)	– (–)	– (–)
e.	**Loans & Advances:**			
(i)	Loans and Advances given:			
	- Waves Hygiene Products	– (–)	11,310,000 (–)	– (–)
	- JHS Svendgaard Dental Care limited	– (–)	– (–)	1,350,000 (825,000)
	- Jones H Smith FZE	– (–)	– (–)	– 10,38,156
	- Number One Real Estate Private Limited	– (–)	– 21,660,000	– (–)
(ii)	Repayment received:			
	- Waves Hygiene Products	– (–)	11,310,000 (–)	– (–)
	- Number One Real Estate Private Limited	– (–)	– (12,000,000)	– (–)
	- JHS Svendgaard Hygiene Products Limited	– (–)	– (44,644,492)	– (–)
f.	**Bad debts written off:**			
	JHS Svendgaard Dental Care Limited	– (–)	– (–)	93,353 (–)
g.	**Corporate guarantees given:**			
	- JHS Svendgaard Hygiene Products Limited		186,000,000 (–)	
	- Waves Hygiene Products	– (–)	250,000,000 (–)	– (–)

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

b. Balances with Related parties

(Amounts in ₹)

Sl No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence	Subsidiary Companies
a.	Payables			
(i)	Unsecured Loan	14,000,000 (1,176,500)	– (–)	– (–)
(ii)	Trade Creditors	– (–)	13,246,947 (–)	– (–)
(iii)	Creditors Others	1,350,574 (1,204,342)	– (248,174)	– (–)
	Total	**15,350,574** **(2,380,842)**	**13,246,947** **(248,174)**	– (–)
b.	Receivables			
(i)	Loans & Advances	– (–)	– (10,385,664)	4,714,772 (3,364,772)
(ii)	Debtors	– (–)	11,837,348 (4,367,165)	– (95,353)
	Total	– (–)	**11,837,348** **(14,752,829)**	**4,714,772** **(3,460,125)**
c.	Investments			
(i)	Investments	– (–)	500,000 (500,000)	1,388,290 (1,388,290)
(ii)	Diminution in investments	– (–)	– (–)	299,960 (299,960)
	Net	– (–)	500,000 (500,000)	1,088,330 (1,088,330)

c. Material Balances with Related parties

(Amounts in ₹)

Sl No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence	Subsidiary Companies
a.	Payables			
(i)	Unsecured Loan:			
	- Mr. Nikhil Nanda	14,000,000 (1,176,500)	– (–)	– (–)
(ii)	Trade Creditors:			
	- Dr. Fresh Inc	– (–)	9,300,728 (1,172,022)	– (–)
	- JHS Svendgaard Hygiene Products Limited	– (–)	3,946,219 (–)	– (–)
(iii)	Creditors Others:			
	Nikhil Nanda	1,350,574 (847,979)	– (–)	– (–)
	Berco Engineering Private Limited	– (–)	– (248,174)	– (–)

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

c. Material Balances with Related parties *(Contd.)* *(Amounts in ₹)*

Sl No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence	Subsidiary Companies
b.	Receivables			
(i)	Loans & Advances:			
	- Number One Real Estate Private Limited	– (–)	– (9,660,000)	– (–)
	- JHS Svendgaard Dental Care limited	– (–)	– (–)	3,209,050 (1,859,050)
	- Jones H Smith FZE	– (–)	– (–)	1,505,722 (1,505,722)
(ii)	Debtors:			
	- Dr. Fresh Inc	– (–)	11,837,348 (4,129,179)	– (–)
	- JHS Svendgaard Dental Care Limited	– (–)	– (–)	– (95,353)
c.	Investments			
(i)	Investments:			
	JHS Svendgaard Hygiene Products Limited	– (–)	500,000 (500,000)	– (–)
	Jones H Smith	– (–)	– (–)	1,388,290 (1,388,290)
(ii)	Diminution in investments:			
	JHS Svendgaard Dental Care Limited	– (–)	– (–)	299,960 (299,960)

* Figures in brackets pertain to previous year

11. Disclosure in respect of Loans and Advances pursuant to clause 32 of listing Agreement *(Amounts in ₹)*

Particulars	As on March 31, 2011	
	Jones H. Smith, FZE	JHS Svendgaard Dental Care Limited
Loans advanced during the year	– (–)	1,350,000 (1,863,156)
Loans repaid during the year	– (–)	– (–)
Maximum Outstanding during the year	1,505,722 (1,505,722)	3,209,050 (1,859,050)
Investments	1,088,330 1,088,330)	299,960 (2,99,960)

* figures in bracket pertain to previous year

12. Obligation on long term, cancelable operating leases:

The Company has entered into various cancelable operating leases. Rental Expenses paid during the year ended is ₹2,798,026 (previous year: ₹3,433,034).

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

13. Earnings Per Share

The calculation of Earnings per Share (EPS) has been made in accordance with Accounting Standard (AS) 20 notified in Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. A statement on calculation of Basic and Diluted EPS is as under:

(Amounts in ₹)

Sl No.	Particulars	Units	For the year ended March 31, 2011	For the year ended March 31, 2010
A	Profit after Tax	₹	60,134,926	57,023,848
B	Weighted average no. of equity shares	Nos.	14,514,391	13,698,363
	Add: Dilutive potential equity shares	Nos.	–	751,644
C	Number of equity shares for Dilutive EPS	Nos.	14,514,391	14,450,007
	Nominal value per share	₹	10	10
	Basic Earnings Per Share (A/B)	₹	4.14	4.16
	Diluted Earnings Per Share (A/C)	₹	4.14	3.95

14. In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income', the net increase in deferred tax asset of ₹812,751 for the current year has been recognised in the profit & loss account. The tax effect of significant timing differences as at March 31, 2011 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2011.

(Amounts in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred Tax Liabilities		
On account of Depreciation	4,942,227	–
Total Deferred Liabilities	**4,942,227**	**–**
Deferred Tax Assets		
On account of Depreciation	–	552,486
Provision for Gratuity	–	404,994
Provision for Preliminary Expenses	–	–
Bonus	27,131	146,549
Provision for obsolete stock	2,059,243	732,769
Provision for doubtful debts	1,237,634	125,545
Unrealised exchange loss on Capex loans	4,393,313	–
Total Deferred Assets	**7,717,321**	**1,962,343**
Net Deferred Tax Assets	**2,775,094**	**1,962,343**

15. Directors' Remuneration

(Amounts in ₹)

Particulars	Managing Director		Whole Time Director	
	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2011	For the year ended March 31, 2010
Salary	1,200,000	1,200,000	120,000	365,000
Monetary Perquisites	500,988	94,167	Nil	Nil
Total	**1,700,988**	**1,294,167**	**120,000**	**365,000**

The different components of salary cannot be identified as in Salary, allowance, contribution to provident fund etc. The above remuneration does not include expense towards retirement since the same is based on actuarial valuations carried out for the Company as a whole.

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

16. Auditors Remuneration Includes*

(Amounts in ₹)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Statutory Audit fees	551,500	303,325
Tax Audit fees	137,875	66,180
Limited Review	226,115	111,983
Certification fees	29,343	38,936
Out of Pocket Expenses	132,452	19,427
Total	**1,077,285**	**539,851**

* Including service tax, where applicable

17. In accordance with Micro, Small and Medium Enterprises Development Act, 2006 which came into force with effect from October 2, 2006, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue amount beyond the specified period irrespective of the terms agreed with the suppliers. The Company has sent the written letters to all of the vendors. However, in absence of written response from all of vendors, the liability of interest, if any, cannot be reliably estimated. Management is of opinion that there will be no liability in view of supplier profile of the Company.

18. The Company had exercised an option relating to "The effects of changes in foreign exchange rates" (Notification No. G.S.R 225 (E)) during the previous years. However, during the current year the same has been released from the General Reserves and credited to the Profit and Loss Account.

19. Transactions in Foreign Currency

(Amounts in ₹)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Expenditure		
(a) Traveling	341,989	731,664
Total	**341,989**	**731,664**
Earnings		
(a) FOB value of exports	19,507,788	82,653,386
(b) Freight	310,352	1,440,692
Total	**19,818,140**	**84,094,078**

20. Foreign currency exposures that are not hedged by derivative instruments as on March 31, 2011 are:

Sl. No.	Particulars	For the year ended March 31, 2011 (INR)	For the year ended March 31, 2010 (USD)
a.	Receivable in Foreign Currency		
(i)	Sundry Debtors	27,354,934 (68,424,191)	616,120 (1,515,822)
	Total	**27,354,934 (68,424,191)**	**616,120 (1,515,822)**
b.	Payable in Foreign Currency.		
(i)	Sundry Creditors	27,112,300 (1,635,245)	607,226 (36,226)
(ii)	Foreign Currency Loan	324,684,602 (252,038,721)	7,271,771 (5,583,490)
	Total	**351,796,902 (253,673,966)**	**7,878,997 (5,619,716)**

* figures in bracket pertain to previous year

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

21. Foreign exchange fluctuation (net) under the head other income comprises of:

(Amounts in ₹)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Foreign exchange loss	63,884	13,585,822
Foreign exchange gain	6,940,680	12,798,792
Net Foreign Exchange Gain/(Loss)	**6,876,796**	**(787,030)**

22. Additional Information pursuant to Part-II of the Schedule VI to the Companies Act, 1956

a. Licensed and installed capacity and actual production (As certified by the management)

(Amounts in ₹)

Product	Unit	Licensed Capacity	Installed Capacity	Actual Production
Oral Care Products	Pcs.	Not Applicable	246,240,000 (246,240,000)	151,307,566 (146,206,083)
Odonil	Pcs.	Not Applicable	2,592,000 (–)	387,298 (–)

* As certified by the management this being technical matter and relied upon by auditor.

b. Quantitative details of Finished Goods manufactured

Product Categories	Hygiene Products		Oral Care Products			
	For the year ended March 31, 2011		For the year ended March 31, 2011		For the year ended March 31, 2010	
	Quantity (Pcs.)	Amount	Quantity (Pcs.)	Amount	Quantity (Pcs.)	Amount
Opening stock	–	–	11,407,993	54,174,934	20,253,621	63,317,314
Purchase	–	–	–	–	60,610	542,205
Manufactured	387,298	–	150,920,268	–	128,798,551	–
Sales	386,760	10,810,438	151,096,326	460,852,760	137,704,339	511,632,243
Closing stock	538	7873	11,231,935	56,480,419	11,407,993	54,174,934*

* Includes excise duty of ₹310,819 (Previous Year ₹363,645) on Finished Goods.

c. Quantitative details of Traded Goods

Product Categories	Hygiene Products		Oral Care Products			
	For the year ended March 31, 2011		For the year ended March 31, 2011		For the year ended March 31, 2010	
	Quantity (Pcs.)	Amount	Quantity (Pcs.)	Amount	Quantity (Pcs.)	Amount
Opening stock	–	–	–	–	–	–
Purchase	926,326	16,269,076	65,643,184	379,412,168	–	–
Sales	239,376	3,557,586	65,643,184	379,412,168	–	–
Closing stock	686,950	12,711,490	–	–	–	–

d. Raw Material and packing material consumed

(Amounts in ₹)

Particulars	Denominnation	For the Year ended March 31, 2011		For the Year ended March 31, 2010	
		Qty (Pcs.)	Value (₹)	Qty (Pcs.)	Value (₹)
Nylon Bristles	KG	231,415	73,965,556	136,515	43,609,013
Anchor Wire	KG	27,626	11,979,462	58,432	18,909,569
Plastic Granules	KG	1,707,277	141,916,522	2,455,671	171,904,296
Glycerin	KG	1,300	55,778	2,694	117,813
Citric Acid	LTR	–	–	3,994	207,192
Sorbitol	KG	2,100	61,361	38,319	1,560,466
Packing Material/Others	PCS	22,889,898	149,769,686	–	29,440,061
Total		**24,859,616**	**377,748,365**	**2,695,625**	**265,748,410**

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

e. Value of Imported and Indigenous raw material (including packing materials) consumed

Particulars	As at March 31, 2011		As at March 31, 2010	
	%age	Value (₹)	%age	Value (₹)
Raw Material (including packing material}				
Imported	8.86	33,476,913	2.75	6,492,545
Indigenous	91.14	344,271,452	97.25	259,255,865
Total	100.00	377,748,365	100.00	265,748,410

f. Value of Imported and Indigenous Stores and Spares consumed

Particulars	As at March 31, 2011		As at March 31, 2010	
	%age	Value (₹)	%age	Value (₹)
Stores & Spares				
Imported	–	–	–	–
Indigenous	100.00	1,280,545	100.00	1,022,635
Total	100.00	1,280,545	100.00	1,022,635

g. Value of Imports on CIF basis

(Amounts in ₹)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Raw Material	33,476,913	16,561,981
Capital Goods	6,978,662	33,116,270

23. During the year 2009-10, the Company had proposed issue of 1,100,000 warrants on preferential basis out of which the approval from the National Stock Exchange and the Bombay Stock Exchange has been received for 1,00,000 warrants.

24. During the year the Company has converted 100,000 (previous year 1,550,000) convertible warrants issued on preferential basis at a price of ₹30 (previous year ₹46) per warrant into Equity Shares of face value of ₹10 per share (previous year ₹10 per share) at a premium of ₹20 per share (previous year ₹36 per share) on August 9, 2010.

25. The Board of Directors recommended a final dividend of ₹0.75 per equity share for financial year 2010-11. The amount of such recommended dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.

26. **Remittance in foreign Currencies for dividends**

The particulars of dividends declared and paid to non-resident shareholders and FII for the year are as under:

Particulars	Number of Shareholders	Number of Equity Share Held	Gross Amount of Dividend (In ₹)	
			Year ended March 31, 2011	Year ended March 31, 2010
Not-Resident Share holder	88	82,484	41,242	38,820
FII	4	614,580	307,290	45,990
Total	92	698,064	348,532	84,810

Final dividend for 2009-10 declared on December 28, 2010

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

27. In the opinion of the management all transactions with the related parties are made on the basis of arm length price and / or at comparatives/ benefit assessment basis. The Report of Chartered Accountant under section 92E (Transfer Pricing) of the Income Tax Act, 1961 will be submitted along with the Income Tax Return. Company is in process of updating records for this purpose. Company does not expect liability. Also intercompany balances are in agreement with the balances of the respective companies. The transfer pricing audit for the year ended March 31, 2010 has been completed, which did not result in any adjustment.

28. The Company had issued 100,000 Equity Shares on August 9, 2010. This issue was after the date of signing of Balance Sheet but before the record date (i.e. December 24, 2010) for dividend declaration. The dividend pertains to these shares amounts to ₹50,000 and ₹8,250 as corporate dividend tax on the same was paid to the allottees. This is appearing as Proposed Dividend (previous year) in the Profit and Loss Account as on March 31, 2011.

29. Previous year figures have been regrouped / rearranged / reclassified to conform to current year classifications.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.: 103523W

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: New Delhi
Date: December 5, 2011

For and on behalf of the Board of Directors of
JHS Svendgaard Laboratories Limited

Sd/-
Nikhil Nanda
Managing Director

Sd/-
Gopal Krishna Nanda
Director

Sd/-
Anshu Kumar Chakravoarty
Company Secretary

Place: New Delhi
Date: December 5, 2011

Balance Sheet Abstract and Company's General Business Profile

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	02758	State Code :	06
Registration No.	31 (Date) 03 (Months) 2011 (Year)		

II. Capital raised during the year

Fresh Issue	NIL	Right Issue	NIL
Private Placement / Preferential allotment	1000000	Bonus Issue	NIL

III. Position of mobilisation and deployment of funds (₹)

Total Liabilities	1235208095	Total Assets	1235208095
Source of Funds			
Paid up Capital	145500070	Reserves and Surplus	616271561
Secured Loans	430436464	Unsecured Loans	43000000
Application of Funds			
Net Fixed Assets	709012916	Investment	1588330
Net Current Assets	521831755	Deferred Assets Tax	2775094
Miscellaneous Expenditure	NIL	Accumulated Losses	NIL

IV. Performance of the Company

Turnover	870674477	Total Expenditure	791315485
Profit / (Loss) before tax	79358992	Profit / (Loss) after tax	63737680
Earning Per Share	4.14	Dividend Rate in %	7.5

V. Generic Names of the Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)		Product Description	

For and on behalf of the Board of Directors of
JHS Svendgaard Laboratories Limited

	Sd/-	Sd/-	Sd/-
Place: New Delhi	**Nikhil Nanda**	**Gopal Krishna Nanda**	**Anshu Kumar Chakravoarty**
Date: December 5, 2011	*Managing Director*	*Director*	*Company Secretary*

Cash Flow Statement For the year ended March 31, 2011

(Amounts in ₹)

	For the year ended March 31, 2011	For the year ended March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	79,358,992	66,140,992
Adjustments for:		
Depreciation, amortisation and impairment	69,393,447	41,330,912
Interest income	(129,557)	(708,944)
Excess provision written back	284,360	–
Loss on sale of fixed assets	18,848	–
Provision for slow moving / obsolete stock	–	1,126,487
Provision for doubtful debts	–	3,445,202
Provision for doubtful advances	–	1,224,250
Provision for diminution in value of investment	–	299,960
Interest and financial charges	37,095,006	29,784,890
Operating Profit before Working Capital Changes	**186,021,095**	**142,643,749**
Adjustment for:		
(Increase) in inventories	(24,309,700)	(4,478,311)
(Increase) in debtors	(197,236,347)	(229,552,387)
(Increase) in Loans and advances	(13,053,963)	30,563,175
Decrease in other current assets	–	298,077
Increase in Current liabilities and provisions	65,298,665	100,876,997
Cash generated from Operations	16,719,750	40,351,300
Taxes Paid/ (Refund) [Net]	6,439,670	(3,108,700)
Net Cash generated from Operating Activities	**10,280,080**	**43,460,000**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(22,809,479)	(28,035,389)
Sale of fixed assets	749,691	–
Foreign exchange movement in fixed assets	(3,005,200)	–
Sale of Investments	–	290,390
Interest and Dividend Income Received	129,557	708,944
Net Cash used in Investing Activities	**(24,935,431)**	**(27,036,055)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (including premium)	3,000,000	63,940,000
Forfeiture of Share warrants	–	230,000
Proceeds from secured loans (net)	28,467,150	(68,648,267)
Dividend Paid	(9,308,046)	(3,744,248)
Proceeds from unsecured loans (net)	31,823,500	9,800,000
Interest and financial charges	(37,180,368)	(29,645,952)
Net Cash Flow from Financing Activities	**16,802,236**	**(28,068,467)**
Net (Decrease) / Increase in Cash and Cash Equivalents	**2,146,885**	**(11,644,522)**
Opening Balance of Cash and Cash Equivalents	2,479,465	14,123,987
Closing Balance of Cash and Cash Equivalents	4,626,350	2,479,465

* Include deposits pledged with government authorities of ₹2,842,535 (Previous year ₹1,451,297) and unpaid dividend of ₹78,570 (Previous year ₹28,843).

Note:

The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 'Cash Flow Statement' specified in the Companies (Accounting Standards) Rules, 2006.

As per our report of even date attached

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.: 103523W

For and on behalf of the Board of Directors of
JHS Svendgaard Laboratories Limited

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Sd/-
Nikhil Nanda
Managing Director

Sd/-
Gopal Krishna Nanda
Director

Sd/-
Anshu Kumar Chakravoarty
Company Secretary

Place: New Delhi
Date: December 5, 2011

Place: New Delhi
Date: December 5, 2011

Statement Pursuant to Section 212 of the Companies act, 1956

	Name of the Subsidiary	Jones H Smith, FZE	JHS Svendgaard Dental Care Limited
1	Financial year ended	31.03.2011	31.03.2011
2	Holding Company's interest	100% in Equity Share Capital	59.992% in Equity Share Capital
3	Shares held by the Holding Company in the Subsidiary	1 share of AED 100,000/- each	29,996 shares of ₹10/- each
4	The net aggregate of profits or losses for the above financial Year of the Subsidiary so far as it concerns the members of the Holding Company		
	a. dealt with or provided for in the accounts of the Holding Company	Nil	Nil
	b. not dealt with or provided for in the accounts of the Holding Company	Profit: AED 6,25,68,149	Loss: ₹5,43,208/-
5	The net aggregate of profits or losses for the previous financial years of the Subsidiary so far as it concerns the members of the Holding Company		
	a. dealt with or provided for in the accounts of the Holding Company	Nil	Nil
	b. not dealt with or provided for in the accounts of the Holding Company	Profit : AED 1973840	Loss : ₹12,73,668/-

On behalf of the Board of Directors
JHS Svendgaard Laboratories Limited

Sd/-	Sd/-	Sd/-
Nikhil Nanda	**Gopal Krishna Nanda**	**Anshu Kumar Chakravoarty**
Managing Director	*Director*	*Company Secretary*

Consolidated Auditors' Report

To
The Members of
JHS Svendgaard Laboratories Limited

1. We have audited the attached Consolidated Balance Sheet of JHS Svendgaard Laboratories Limited ('the Company'), and its Subsidiaries (collectively referred as the 'Group') as at March 31, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of subsidiaries whose financial statements reflect total assets of ₹103,197,071 as at March 31, 2011, total net revenues of ₹422,807,927 for the year ended. These financial statements and other financial information have been audited by the other auditors whose reports have been furnished to us, and our opinion is based solely on report of other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of JHS Svendgaard Laboratories Limited, and its subsidiaries.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
   (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: New Delhi
Date: December 5, 2011

Consolidated Balance Sheet As at March 31, 2011

(Amounts in ₹)

	Schedule	As at March 31, 2011	As at March 31, 2010
I. SOURCES OF FUNDS:			
1. **Shareholders' Funds:**			
a) Share Capital	1	145,500,070	144,500,070
b) Reserves and Surplus	2	700,319,562	594,146,303
2. Loan Funds:			
a) Secured Loans	3	430,436,465	402,014,551
b) Unsecured Loans	4	44,800,530	12,149,030
		1,321,056,627	**1,152,809,954**
II. APPLICATION OF FUNDS:			
1. **Fixed Assets:**	5		
a) Gross Block		752,249,699	738,048,175
b) Less: Accumulated depreciation, amortisation and impairment		173,261,744	100,961,516
Net Block		578,987,955	637,086,659
c) Capital Work in Progress including Capital Advances		132,379,766	124,127,566
		711,367,721	761,214,225
2. **Investments**	6	500,000	500,000
3. **Deferred Tax Assets (Net)**	21 B (12)	3,857,387	2,746,086
4. **Current Assets, Loans and Advances :**			
a) Inventories	7	200,971,557	165,833,874
b) Sundry Debtors	8	547,612,919	433,017,641
c) Cash and Bank Balances	9	15,702,070	5,362,246
d) Other Current Assets	10	3,611,676	3,636,764
e) Loans and Advances	11	83,902,299	49,783,585
		851,800,521	657,634,110
Less : Current Liabilities and Provisions :			
a) Current Liabilities	12	210,448,679	251,145,827
b) Provisions	13	36,020,323	18,138,640
		246,469,002	269,284,467
Net Current Assets		605,331,519	388,349,643
		1,321,056,627	**1,152,809,954**
Significant Accounting Policies and Notes to the Consolidated Financial Statements	21		

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.: 103523W

For and on behalf of the Board of Directors of
JHS Svendgaard Laboratories Limited

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Sd/-
Nikhil Nanda
Managing Director

Sd/-
Gopal Krishna Nanda
Director

Sd/-
Anshu Kumar Chakravoarty
Company Secretary

Place: New Delhi
Date: December 5, 2011

Place: New Delhi
Date: December 5, 2011

Consolidated Profit and Loss Account For the year ended March 31, 2011

(Amounts in ₹)

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME			
Sales	14	1,279,676,061	685,430,630
Less: Excise Duty		2,721,965	847,338
		1,276,954,096	684,583,292
Other Income	15	16,547,832	1,185,525
		1,293,501,928	**685,768,817**
EXPENDITURE :			
(Increase)/ Decrease in Finished Goods and Work in Progress	16	(27,902,228)	7,260,915
Purchase of Goods for Resale		558,380,578	265,736,377
Material Consumed and Manufacturing Expenses	17	379,361,290	134,627,483
Personnel Expenses	18	43,004,713	45,199,158
Administrative, Manufacturing, Selling and Other Expenses	19	92,955,616	72,524,939
Finance Expenses	20	37,138,896	29,964,363
Depreciation	5	69,538,816	41,457,473
		1,152,477,681	**596,770,708**
Profit before taxation		141,024,247	88,998,109
Less: Provision for taxation			
Current Tax Charge		16,400,000	10,981,660
Deferred Tax Benefit	21 B (12)	(1,111,301)	(2,269,611)
Wealth Tax Charge		34,063	40,000
Profit after Taxation, before period items and appropriations		125,701,485	80,246,060
Prior Period Adjustments (refer note B (7) of Schedule 21)		3,602,754	–
Profit available for appropriation		**122,098,731**	**80,246,060**
Appropriations			
- Proposed Dividend (Current year)		12,787,505	7,225,004
- Corporate Dividend Tax (Current year)		2,074,517	1,199,983
- Proposed Dividend (Previous year)		50,000	–
- Corporate Dividend Tax (Previous year)		8,250	–
		107,178,459	71,821,073
Balance as per previous year		181,838,585	110,017,512
Balance carried to Balance Sheet		**289,017,044**	**181,838,585**
Earnings per share			
(Refer note B (11) of Schedule 21)			
Basic earnings per share		8.41	5.86
Diluted earnings per share		8.41	5.55
Significant Accounting Policies and Notes to the Consolidated Financial Statements	21		

Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date attached

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.: 103523W

For and on behalf of the Board of Directors of
JHS Svendgaard Laboratories Limited

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Sd/-
Nikhil Nanda
Managing Director

Sd/-
Gopal Krishna Nanda
Director

Sd/-
Anshu Kumar Chakravoarty
Company Secretary

Place: New Delhi
Date: December 5, 2011

Place: New Delhi
Date: December 5, 2011

Schedules Forming Part of the Consolidated Financial Statements For the year ended March 31, 2011

(Amounts in ₹)

	As at March 31, 2011		As at March 31, 2010	
1 SHARE CAPITAL				
Authorised:				
18,000,000 (previous year 18,000,000) Equity Shares of ₹10 each		180,000,000		180,000,000
Issued and Subscribed:				
14,550,007 (previous year 14,450,007) Equity Shares of ₹10 each		145,500,070		144,500,070
Paid up capital:				
14,550,007 (previous year 14,450,007) Equity Shares of ₹10 each fully paid up.		145,500,070		144,500,070
(See Note B (17) and B (18) of schedule 21)				
		145,500,070		**144,500,070**

	As at March 31, 2011		As at March 31, 2010	
2 RESERVES AND SURPLUS				
General Reserve	3,672,950		3,672,950	
Less: Utilisation during the year	3,005,200	667,750	–	3,672,950
Capital Reserve				
Forfeiture of Warrant		230,000		230,000
Securities Premium	408,404,768		352,604,768	
Add: Addition During the Year	2,000,000	410,404,768	55,800,000	408,404,768
Profit and Loss Account		289,017,044		181,838,585
		700,319,562		**594,146,303**

	As at March 31, 2011		As at March 31, 2010	
3 SECURED LOANS				
A. From Bank				
1) Term Loans				
(a) Foreign Currency Loan				
1) External Commercial Borrowings ('ECB')	132,878,400		54,890,240	
2) Other Term Loans	71,462,312	204,340,712	179,115,520	234,005,760
(2) Working Capital Loan From Bank				
(a) Rupee Loan	219,982,017		155,913,296	
(b) Bill Discounting	–	219,982,017	4,490,961	160,404,257
(3) Vehicle Loan from Bank		6,113,736		7,559,296
(4) Interest accrued and due on secured loan		–		45,238
		430,436,465		**402,014,551**

1. Term Loan in the form of External Commercial Borrowings and Foreign Currency Term Loans are secured against exclusive charge on all movable fixed assets being financed by the facility and first charge on all the immovable fixed assets of the Company being financed by the facility. Equitable mortgage of land owned by the Company at Kala-Amb and personal guarantee of one of the Directors. Second charge on current assets.
2. Working Capital Loans in the form of Cash Credit, Packing Credit, Bill Discounting is Secured by way of hypothecation of the Company's stock, book debts, export bill, both present & future, second charge on movable and immovable fixed assets and pledge of 30% shares of the Company.
3. Vehicle Loan are secured against hypothecation of specific vehicles.

	As at March 31, 2011		As at March 31, 2010	
4 UNSECURED LOANS				
Short Term				
Loan from directors		14,972,530		2,149,030
Loan from others		29,828,000		10,000,000
		44,800,530		**12,149,030**

5 FIXED ASSETS

(Amounts in ₹)

Description	GROSS BLOCK				DEPRECIATION, AMORTISATION AND IMPAIRMENT				NET BLOCK	
	As at April 1, 2010	Additions during the year	Deletions/ Adjustments during the year	As at March 31, 2011	As at April 1, 2010	For the year*	Deletions / Adjustments during the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Land	9,105,752	–	–	9,105,752	–	–	–	–	9,105,752	9,105,752
Factory Building	126,155,129	22,328	–	126,177,457	2,804,349	7,151,795	–	9,956,144	116,221,313	123,350,780
Office Building	16,913,605	202,762	–	17,116,367	491,849	276,928	–	768,777	16,347,590	16,421,756
Plant & Machinery	374,287,704	7,377,666	949,044	380,716,326	68,677,839	28,202,062	180,195	96,699,706	284,016,620	305,609,865
Mould and Dies	170,931,435	6,126,693	–	177,058,128	19,769,081	32,610,182	–	52,379,263	124,678,865	151,162,354
Computers	2,422,268	286,896	–	2,709,164	1,029,130	447,225	–	1,476,355	1,232,809	1,393,138
Computer Software	5,179,122	16,545	–	5,195,667	1,710,840	1,006,488	–	2,717,328	2,478,339	3,468,282
Furniture & Fixture	13,600,902	418,415	–	14,019,317	2,684,940	876,626	–	3,561,566	10,457,751	10,915,962
Vehicle	19,452,258	699,263	–	20,151,521	3,793,488	1,909,117	–	5,702,605	14,448,916	15,658,770
Current Year	**738,048,175**	**15,150,568**	**949,044**	**752,249,699**	**100,961,516**	**72,480,423**	**180,195**	**173,261,744**	**578,987,955**	**637,086,659**
Previous Year	**539,473,680**	**198,574,495**	**–**	**738,048,175**	**59,504,043**	**41,457,473**	**–**	**100,961,516**	**637,086,659**	**–**
Capital work in progress including capital advances (Refer note B (6) of Schedule 21)									132,379,766	124,127,566
									711,367,720	761,214,225

* Depreciation for the year includes ₹2,941,607 as depreciation on Plant and Machinery pertains to prior period (Refer note B (7) of Schedule 21).

	As at March 31, 2011		As at March 31, 2010	
6 INVESTMENTS				
Long Term and Unquoted				
50,000 (Previous year 50,000) fully paid Equity Shares of face value of ₹10/- each of JHS Svendgaard Hygiene Products Limited formerly known as Nikiven Personal Care Private Limited, India		500,000		500,000
		500,000		**500,000**

	As at March 31, 2011		As at March 31, 2010	
7 INVENTORIES				
- Raw Materials	114,962,087		108,132,229	
- Consumable Stores	270,649		5,811	
- Work in Progress	11,094,296		9,214,959	
- Finished Goods *	80,991,398	207,318,430	54,827,748	172,180,747
Less: Provision for slow moving / obsolete stock		6,346,873		6,346,873
		200,971,557		**165,833,874**

* Finished Goods include excise duty of ₹310,819 (previous year ₹363,645) payable on goods manufactured but not sold as at March 31, 2011.

	As at March 31, 2011		As at March 31, 2010	
8 SUNDRY DEBTORS				
(Unsecured, Considered Good Unless Otherwise Stated)				
Debts outstanding for a period exceeding six months				
a) Considered good *	146,452,219		36,165,620	
b) Considered Doubtful	3,814,560		3,814,560	
Other debts	401,160,700	551,427,479	396,852,021	436,832,201
Less: Provision for Doubtful Debts		3,814,560		3,814,560
		547,612,919		**433,017,641**

Schedules Forming Part of the Consolidated Financial Statements For the year ended March 31, 2011

(Amounts in ₹)

	As at March 31, 2011		As at March 31, 2010	
9 CASH AND BANK BALANCES				
Cash on hand (As certified by the management)		472,130		2,700,946
Balances with scheduled banks :				
In Current Accounts	12,308,835		1,561,500	
In Dividend Accounts	78,570		28,843	
In Fixed Deposit Account (pledged with Govt. Departments)	2,842,535	15,229,940	1,070,957	2,661,300
		15,702,070		**5,362,246**
10 OTHER CURRENT ASSETS				
Export Incentive Receivable		3,611,676		3,636,764
		3,611,676		**3,636,764**
11 LOANS AND ADVANCES				
(Unsecured & Good Unless Otherwise Stated)				
Considered Good				
Advances recoverable in cash or in kind or for value to be received				
- Considered good	30,028,768		17,569,260	
- Considered doubtful	1,224,250	31,253,018	824,250	18,393,510
Advance to Supplier	42,374,933		16,928,630	
Loans & Advance to Others	–		705,364	
Balance with Central Excise & Customs Department	7,780,003		11,226,287	
Input VAT Credit	429,748		707,702	
Foreign Currency Translation Reserve	337,755		–	
Advance Tax and Tax Deducted at Source (net of provision of ₹11,000,000 (Previous year Nil)	629,979		32,903	
Security Deposits	2,321,113	53,873,531	2,613,439	32,214,325
		85,126,549		50,607,835
Less : Provision for Doubtful Advances		1,224,250		824,250
		83,902,299		**49,783,585**
12 CURRENT LIABILITIES				
Sundry Creditors *				
Due to Micro and Small Enterprises	–		–	
Others	180,487,662	180,487,662	210,164,262	210,164,262
Advance from Customers		11,017,895		26,160,511
Interest accrued but not Due		1,775,890		1,816,014
Book Overdraft		14,000,526		613,270
Expenses Payable		714,637		8,549,346
Other Liabilities		2,373,499		3,813,581
Unclaimed Dividend on Equity Shares		78,570		28,843
		210,448,679		**251,145,827**

* Refer Note B (15) of Schedule 21

	As at March 31, 2011		As at March 31, 2010	
13 PROVISIONS				
Provision for Gratuity		870,838		1,191,509
Provision for Proposed Dividend		12,787,505		7,225,004
Provision for tax on Proposed Dividend		2,074,517		1,748,072
Provision for Tax [Net of advance tax and tax deducted at source aggregating to ₹1,369,343 (Previous Year ₹6,537,120)]		20,287,463		7,974,055
		36,020,323		**18,138,640**

(Amounts in ₹)

		For the year ended March 31, 2011		For the year ended March 31, 2010
14 SALES				
Domestic Sales		459,411,836		425,621,560
Exports Sales		19,818,140		85,550,939
Trading Sales		798,210,902		172,046,375
Scrap sales		2,235,183		2,211,756
		1,279,676,061		685,430,630
15 OTHER INCOME				
Interest				
1) On Deposit *	129,557		80,221	
2) On Income Tax Refund	–	129,557	628,723	708,944
Export Incentives		–		45,600
Miscellaneous Income		9,257,119		417,945
Excess Provision Written Back		284,360		13,036
Exchange Fluctuation (Net)		6,876,796		–
		16,547,832		1,185,525
16 (INCREASE)/ DECREASE IN FINISHED GOODS AND WORK IN PROGRESS				
Finished Goods				
Opening Stock	54,824,444		63,067,666	
Less : Closing Stock	80,991,398	(26,166,954)	54,827,748	8,239,918
Work in Progress				
Opening Stock	9,214,959		3,628,146	
Less : Closing Stock	11,094,296	(1,879,337)	9,214,959	(5,586,813)
Purchase of semi finished goods		196,889		4,244,165
(Decrease)/ Increase in excise duty on closing stock		(52,826)		363,645
		(27,902,228)		7,260,915
17 MATERIAL CONSUMED AND MANUFACTURING EXPENSES				
Raw Material Consumed :				
Opening Stock	108,132,229		100,054,325	
Add : Purchases	384,910,603		141,229,228	
	493,042,832		241,283,553	
Less : Closing Stock	114,962,087	378,080,745	108,132,229	133,151,324
Store and Tools Consumed :				
Opening Stock	5,811		49,837	
Add : Purchases	1,545,383		1,432,133	
	1,551,194		1,481,970	
Less : Closing Stock	270,649	1,280,545	5,811	1,476,159
		379,361,290		134,627,483
18 PERSONNEL EXPENSES				
Salaries, Bonus & Allowances		39,029,399		41,044,327
Contribution to Provident Fund & ESIC		1,215,885		1,370,832
Directors' Remuneration		1,820,988		1,659,167
Workmen and Staff Welfare		728,252		697,594
Recruitment and Training		210,189		160,807
Gratuity		–		266,431
		43,004,713		45,199,158

Schedules Forming Part of the Consolidated Financial Statements For the year ended March 31, 2011

(Amounts in ₹)

	For the year ended March 31, 2011		For the year ended March 31, 2010	
19 ADMINISTRATIVE, MANUFACTURING, SELLING AND OTHER EXPENSES				
Rent		4,467,146		4,993,288
Advertisement Expenses		10,509,196		822,880
Business Promotion		5,592,100		1,318,246
Repairs & Maintenance				–
- Plant and Machinery	5,742,460		6,882,737	
- Building	2,019,393		1,543,989	
- Others	1,003,207	8,765,060	922,312	9,349,038
Provision for Doubtful Debts		–		3,445,202
Provision for slow moving / Obsolete Stock		–		1,126,487
Provision for Doubtful Advances		–		824,250
Exchange Fluctuation (Net)		–		831,519
Freight & Cartage (Net)		6,550,729		5,887,919
Insurance		1,517,510		1,596,541
Legal & Professional Fees		10,553,121		5,003,953
Postage, Telephone, Printing Stationery		5,037,650		3,703,135
Job Work Charges		9,265,890		3,683,530
Excise Duty		563,939		761,209
Power and Fuel		11,528,986		16,812,428
Testing Charges		16,819		174,262
Travelling & Conveyance Expenses		12,948,311		5,711,027
Loss on Sale of fixed Assets		18,848		–
Directors' Sitting Fees		35,500		27,000
Miscellaneous Expenditure		5,584,811		6,453,025
		92,955,616		**72,524,940**

20 FINANCE EXPENSES				
Bank Interest		27,808,842		26,842,214
Interest - Others		2,335,240		–
Bank Charges		6,994,814		3,122,149
		37,138,896		**29,964,363**

21 SIGNIFICANT ACCOUNTING POLICIES

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India, to the extent applicable.

2. Principles of Consolidation

a) The consolidated financial statements include the financial statements of JHS Svendgaard Laboratories Limited, ("Parent Company") and its subsidiaries (collectively known as "the Group"):

(Amounts in ₹)

Name of the Subsidiaries	Country of Incorporation	Ownership Interest
Jones H. Smith, FZE	United Arab Emirates ('U.A.E')	100%
JHS Svendgaard Dental Care Limited	India	59.99.%

b) The consolidated Financial Statements have been prepared on the following basis:

i) The consolidated financial statements have been prepared in accordance with the Accounting Standard 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and notified by Companies (Accounting Standards) Rules, 2006, (as amended).

ii) The financial statement have been consolidated on a line by line basis by adding together the book value of assets, liabilities, income & expenses, after fully eliminating Intra Group balances and Intra group transaction resulting in unrealised profits/ losses, if any.

iii) The Consolidated Financial Statements have been prepared by using uniform accounting policies for like transaction and other events in similar circumstances and are presented to the extent possible in the same manner as those of the parent companies independent financial statements unless stated otherwise.

iv) The operations of the foreign subsidiaries have been considered by the management, as non integral operation.

v) The difference between the cost to the Company of its investments in its subsidiary and its portion of equity of subsidiary at the dates they become subsidiary, is recognised in the financial statements as goodwill or capital reserve, as the case may be. This is based upon determination of pre-acquisition profit/loss and of the net worth on the date of acquisition determined by the management on the basis of certain estimates which have been relied upon by the auditors.

vi) Minority interest in the consolidated financial statement is identified and recognised after taking into consideration, the minority share of movement in equity since the date parent- subsidiary relationship came into existence. The profit/loss attributable to the minorities are adjusted against the income of the group in order to arrive at the net income attributable to the Company.

vii) The consolidated financial statements are presented, to the extent possible and required, in the same format as that adopted by the Parent Company for its separate financial statements..

viii) Other significant accounting policies as set out are as under:

a) Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognised in the period in which the results are crystallised.

Any revision to accounting estimates is recognised prospectively in the current and future periods.

b) Fixed Assets and Depreciation

i. Fixed assets are stated at cost of acquisition, which is inclusive of taxes, freight, installation and allocated incidental expenditure during construction / acquisition and exclusive of Cenvat Credit.

21 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

ii. Advances paid towards the acquisition of fixed assets outstanding at balance sheet date and the cost of fixed assets not put to use before such date are disclosed under the head capital work-in-progress.

iii. Depreciation on fixed assets, except intangibles is provided in accordance with rate prescribed in Schedule XIV of the Companies Act, 1956 on straight line basis on pro rata basis from the respective completed month of capitalisation by leaving residual value of ₹1 except that moulds and dies are depreciated over the useful life of 5 Years as estimated by the management.

iv. Individual assets costing ₹5,000 or less are fully depreciated in the year of purchase.

v. Intangible assets comprise of Computer Software and are amortised over a period of five years. All costs relating to up gradation/ enhancements are generally charged off as revenue expenditure unless they bring significant additional benefits of enduring nature.

c) Impairment of Assets

An asset is treated as impaired when carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the profit and loss account when asset is identified as impaired. Reversal of impairment loss recognised in prior periods is recorded when there is an indication that impairment loss recognised for the assets no longer exists or has decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortised, if no impairment loss has been recognised Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life. The Company periodically assesses using external and internal resources whether there is an indication that an asset may be impaired.

d) Inventories

i. Raw materials, packaging materials and stores and spare parts are carried at cost. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used. The carrying cost of raw materials, packaging materials and stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials and finished products in which these will be incorporated are expected to sell below cost.

ii. Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realisable value. The comparison of cost and net realisable value is made on an item by item basis. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis. Finished products and work in progress includes appropriate production overheads.

iii. Excise duty liability is included in the valuation of closing inventory of finished goods. Excise duty payable on finished goods is accounted for upon manufacture and transfer of finished goods to the stores. Payment of excise duty is deferred till the clearance of goods from the factory premises.

e) Revenue Recognition

i. Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the customer. Revenue includes excise duty and are net of sales tax, value added tax and applicable discounts and allowances.

ii. Interest income is recognised on accrual basis.

iii. Dividend is recognised when the right to receive of the same is established.

iv. Export incentives principally comprise of Duty Entitlement Pass Book Scheme (DEPB). The benefit under these incentive schemes are available based on the guideline formulated for respective schemes by the government authorities. DEPB is recognised as revenue on accrual basis to the extent it is probable that realisation is certain.

21 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

f) Borrowing Cost

Borrowing costs that are directly attributable to the acquisition or construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred and charged to revenue.

g) Foreign Currency Transactions

i Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii Exchange Differences

Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

iv Translation of Integral and Non-integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

h) Investments

Investments are valued as per AS – 13 “Accounting for Investments”. Investments that are readily realisable and are intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments, even though they may be readily marketable.

The cost of an investment includes acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments including investments in subsidiaries are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

21 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

i) Employee Benefits

a) Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. Benefits such as salaries, wages, short term compensated absence and bonus etc are recognised in the Profit and Loss Account in the period in which the employee renders the related service.

b) Long term employee benefits:

I. Defined contribution plans:

The Contributions for Provident Funds & E.S.I.C. are deposited with the appropriate government authorities and are recognised in the Profit & Loss Account in the financial year to which they relate and there is no further obligation in this regard.

II. Defined Benefit Plans:

The Company provides for retirement benefits in the form of gratuity. The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under the defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of the related obligations. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

j) Accounting for Taxes On Income

i. Tax expenses comprises of Current Tax and Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

ii. Deferred Income Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred Tax is measured based on the tax rates and the tax law enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent, there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realised in future where as in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation backed by convincing evidence. Deferred tax assets are reviewed at each balance sheet date.

iii. The break-up of the major components of the deferred tax assets and liabilities as at Balance Sheet date has been arrived at after setting off deferred tax assets and liabilities where the entity has a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

iv. Minimum Alternative Tax (MAT) payable under the provisions of the Income-tax Act, 1961 is recognised as an asset in the year in which credit become eligible and is set off to the extent allowed in the year in which the entity becomes liable to pay income tax at the enacted tax rates.

k) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognised but are disclosed in the notes to accounts; disputed demands in respect of Central excise, Customs, Income Tax and Sales Tax are disclosed as Contingent Liabilities. Payment in respect of such demands, if any, is shown as advance, till the final outcome of the matter.

Contingent Assets are neither recognised nor disclosed in the financial statements.

21 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

l) Earnings Per Share

Basic Earnings Per Share are calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax (and including post tax effect of any extra-ordinary item) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period, are adjusted for events of bonus issue to existing shareholders.

For the purpose of calculating diluted earnings per share, the net profits or loss attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares, if any

m) Leases

i. Operating lease

As Lessee

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as an operating lease. Lease payments under operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease period.

As Lessor

The assets given under operating lease are shown in the Consolidated Balance Sheet under fixed assets and depreciated on a basis consistent with the depreciation policy of the Company. The lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease period.

ii. Finance lease

Assets taken on a finance lease are capitalised at an amount equal to the fair value of the leased assets or the present value of minimum lease payments at the inception of the lease, whichever is lower. Such leased assets are depreciated over the lease tenure or the useful life, whichever is shorter. The lease payment is apportioned between the finance charges and reduction of outstanding liability. The finance charge is allocated to the periods over the lease tenure to produce a constant periodic rate of interest on the remaining liability.

B. NOTES TO THE CONSOLIDATED FINANCIALS STATEMENTS

1. Contingent Liabilities and commitments

(Amounts in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
(i) Claim made against the Company not acknowledged as debts		
- Sales Tax Demands for non submission of statutory forms.*	946,021	655,188
- Case filed by Lion Holdings Private Limited (Fixed Assets Vendor) for moulds and legal charges .	1,461,000	–
(ii) Estimate amount of contracts remaining to be executed on capital account and not provided for (net of Advances).	6,606,176	5,780,461
(iii) Others:		
(a) Bank Guarantee issued by Bank (margin money kept by way if fixed deposit ₹15,000 (previous year ₹500,000))	145,417	5,000,000
(b) Corporate guarantees given by the Company to Banks on behalf of others.**	436,000,000	–
(c) Outstanding letter of credit (margin money kept by way of fixed deposit ₹3,559,410 (previous year ₹250,000))	17,877,557	2,451,102

* The Company has preferred an appeal before Commissioner and deposited the same under protest.

** The Company has provided a corporate guarantee in favour of ICICI Bank Limited for credit facilities sanctioned by the bank to the following entities:

- Wave Hygiene Products (Partnership Firm) : ₹250,000,000
- JHS Svendgaard Hygiene Products Limited : ₹186,000,000

21 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The Board of Directors has approved the Scheme of Amalgamation of the above two entities with the Company on July 7, 2010. The said scheme is pending for approval in the Delhi High Court and Shimla High Court. These financial statements are prepared without giving effect to this amalgamation.

Note: Based on the past experience, interpretations of the provisions of Income Tax and Provisions of Service Tax, the Company is of the view that the above demands are likely to be deleted or substantially reduced and accordingly no provision has been made.

2. The details of Fund raised through Initial Public Offering ('IPO') and utilisation of such fund are given below: -

(Amounts in ₹)

Sl No.	Particulars	As at March 31, 2011	As at March 31, 2010
A.	Funds raised through Initial Public Offerings	388,619,256	388,619,256
B.	Utilisation by way of expansion plan/New Project		
	- Building and civil works	86,339,862	86,339,862
	- Plant and Machinery	210,208,224	210,208,224
	- Margin money for working capital	16,025,000	16,025,000
	- General Corporate Purposes	37,830,987	37,830,987
	- IPO Expenses	37,921,369	37,921,369
	- Fixed Deposit (Including Bank Balance)	293,814	–
	Total Funds utilised	**388,619,256**	**388,325,442**
	- Fixed Deposit Receipts (Including Bank Balance)	–	293,814
	Total Unutilised funds	–	**293,814**

3. The balances of the accounts comprised in sundry debtors, creditors and advances are subject to confirmations/ reconciliation and consequential adjustments.

4. In the opinion of the Board, the current assets, loans and advances appearing in the Company's Balance Sheet as at year end would have realisable value at least equal to the respective amounts at which they are stated in the balance sheet.

5. The provision for all liabilities is adequate and not in excess of the amounts considered reasonably necessary.

6. Cost capitalised / Capital work-in-progress include the following:

(Amounts in ₹)

Sl No.	Particulars	As at March 31, 2011	As at March 31, 2010
[i]	Capital advances to vendor	130,293,848	124,127,566
[ii]	Capital Work In Progress		
	Opening balance	Nil	Nil
	Add: Additions during the year		
	Plant and Machinery	27,574	Nil
	Interest on Borrowed	2,022,060	Nil
	Building	235,430	Nil
	Less: Capitalised during the year		
	Building	199,146	Nil
	Balance as at the year end (ii)	2,085,918	Nil
	Total of [i] and [ii]	**132,379,766**	**124,127,566**

7. Prior Period Items:

(Amounts in ₹)

Sl No.	Particulars	For the year ended March 31, 2011
1	Rectification in depreciation on Factory buildings related to year 2007-09 to 2009-10.	2,941,607
2	Advertisement expenses related to year 2009-10.	661,147
	Total	3,602,754

21 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

8. Segment Reporting

   a. Primary Segment

      The Company operates in single primary business segment namely oral care products in the nature of toothbrush, tooth paste, mouth wash and denture tablets.

   b. Secondary Segment

      Secondary segmental reporting is on the basis of the geographical location of the customers, namely "Inland" and "Rest of the world".

Primary Segment Information: Business Segments

(₹ in lacs)

	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
A.	SEGMENT REVENUE		
	i) Fast Moving Consumer Goods ('FMCG')	8,541.46	5,107.85
	ii) Personal Care Products - Marketing and Distribution	4,199.40	1,720.46
	iii) Dental Care Clinics	28.68	17.52
	Total	**12,769.54**	**6,845.83**
B.	SEGMENT RESULTS:		
	Profit/Loss Before tax and Interest		
	i) FMCG	1,164.98	962.99
	ii) Personal Care Products - Marketing and Distribution	625.68	241.65
	iii) Dental Care Clinics	(9.05)	(15.02)
	Total	**1781.61**	**1,189.62**
	Less:		
	Interest	371.39	299.64
	Other Unallocable Expenditure		
	Total profit before Tax and Exceptional Items	**1,410.22**	**889.98**
C.	CAPITAL EMPLOYED		
	(Segment Assets - Segment Liabilities)		
	i) FMCG	7,577.70	9,550.59
	ii) Personal Care Products - Marketing and Distribution	871.92	249.97
	iii) Dental Care Clinics	–	–
	Total Capital Employed	**8,449.62**	**9,800.56**

Secondary Segment Information: Geographical Segments

(Amount in Lacs)

Particulars	India	Dubai	Others	Total
#Segment Revenue*	8,399.18	4,199.40	198.18	12,796.76
	(4,307.31)	(1,720.46)	(826.53)	(6,854.31)

Figures in bracket represent comparatives.

Segment Revenue are inclusive of excise duty.

* Information on assets has not been provided by locations of customers; as such information is not realistically allocable and identifiable.

Details related to Capital Assets and Capital expenditures have been not been disclosed as these cannot be reliably allocated to these segments.

21 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

9. Related Party

The Disclosures as required by the Accounting Standard -18 (Related Party Disclosure) are as under:

a. Name of related parties and description of relationship:

S. No	Relationships	Name of Related Party
i.	Key Management Personnel	a) Mr. Nikhil Nanda (Managing Director) b) Mr. Gopal Krishna Nanda (Whole-time Director) c) Mr. Puneet Kumar Manglik* (Executive Director)
ii.	Relatives of Key Managerial Personnel	a) Mr. H C Nanda (Father of Mr. Nikhil Nanda) b) Mr. Sumit Nanda (Brother of Mr. Nikhil Nanda) c) Mr. Puneet Nanda (Brother of Mr. Nikhil Nanda)
iii.	Enterprises over which significant influence can be exercised by persons specified (ii) & (iii) above	a) Berco Engineering Private Limited b) Dr. Fresh Inc, USA. c) Sunehri Exports Limited d) Number One Real Estate Private Limited e) JHS Svendgaard Hygiene Products Limited** f) JHS Svendgaard Entertainment Private Limited g) JHS Svendgaard Infrastructure Private Limited h) Magna Impex Private Limited i) Waves Hygiene Products

* Mr. Puneet Kumar Manglik had ceases to be the Executive Director of the Company from October 31, 2009

** JHS Svendgaard Hygiene Products Limited had ceased to be the subsidiary in the financial year 2009-10 and has become an enterprise over which Key Managerial Personnel and their relatives are able to exercise significant influence.

Transaction with related parties during the year:

(Amounts in ₹)

Sl No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence
	Revenue		
(i)	Sales of Finished Goods	– (–)	15,999,132 (4,673,536)
	Purchases		
(i)	Purchases of Trading Goods	– (–)	14,039,855 (–)
	Expenses Paid		
(i)	Rent	1,323,600 (1,323,100)	827,250 (1,654,500)
(ii)	Electricity Expenses	2,541,157 (1,640,777)	– (–)
(iii)	Directors Remuneration	1,820,988 (1,659,167)	– (–)
	TOTAL	**5,685,745** **(4,623,044)**	**827,250** **(1,654,500)**
	Unsecured Loans		
(i)	Loans taken	14,729,700 (1,000,000)	– (–)
(ii)	Loans Repaid	1,906,200 (1,200,000)	– (–)
	Loans and Advances		
(i)	Loans and Advances given	– (–)	11,310,000 (22,760,664)
(ii)	Repayment received	– (–)	11,310,000 (56,644,492)

21 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

a. Details of material transactions with related parties:

(Amounts in ₹)

Sl No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence
	Revenue		
(i)	Sales of Finished Goods:		
	Dr. Fresh Inc	– (–)	15,999,132 (4,435,550)
	Purchases		
(i)	Purchases of Trading Goods:		
	Dr. Fresh Inc	– (–)	9,387,972 (–)
	JHS Svendgaard Hygiene Products Limited	– (–)	4,651,883 (–)
	Expenses Paid		
(i)	Rent Paid:		
	Nikhil Nanda	1,323,600 (1,323,100)	– (–)
	Berco Engineering Private Limited	– (–)	827,250 (1,654,500)
(ii)	Electricity Expenses Paid:		
	Nikhil Nanda	2,541,157 (1,640,777)	– (–)
(iii)	Directors Remuneration:		
	Nikhil Nanda	1,700,988 (1,294,167)	– (–)
	Unsecured Loan		
(i)	Loans taken:		
	Nikhil Nanda	14,729,700 (1,000,000)	– (–)
(ii)	Loans Repaid:		
	Nikhil Nanda	1,906,200 (1,200,000)	– (–)
	Loans and Advances		
(i)	Loans and Advances given:		
	Waves Hygiene Products	– (–)	11,310,000 (–)
	Number one Real Estate Private Limited	– (–)	– (21,660,000)
(ii)	Repayment received:		
	Waves Hygiene Products	– (–)	11,310,000 (–)
	Number one Real Estate Private Limited	– (–)	– (12,000,000)
	JHS Svendgaard Hygiene Products Limited	– (–)	– (44,644,492)

21 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

c. Balances with Related parties

(Amounts in ₹)

Sl No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence
	Payables		
(i)	Unsecured Loan	14,000,000 (1,176,500)	
(ii)	Trade Creditors	– (–)	13,246,947 (–)
(iii)	Creditors Others	1,350,574 (1,204,342)	– (248,174)
	Total	**15,350,574** **(2,380,842)**	**13,246,947** **(248,174)**
	Receivables		
(i)	Loans & Advances	– (–)	– (14,514,843)
(ii)	Debtors	– (–)	11,837,348 (237,986)
	Total	**–** **(–)**	**11,837,348** **(14,752,829)**
	Investments		
(i)	Investments	– (–)	500,000 (500,000)
(ii)	Diminution in investments	– (–)	– (–)
	Total	**–** **(–)**	**500,000** **(500,000)**

d. Material Balances with Related parties

(Amounts in ₹)

Sl No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence
	Payables		
(i)	Unsecured Loan:		
	Mr. Nikhil Nanda	14,000,000 (1,176,500)	– (–)
(ii)	Trade Creditors:		
	Dr. Fresh Inc	– (–)	9,300,728 (1,172,022)
	JHS Svendgaard Hygiene Products Limited	– (–)	3,946,219 (–)
(iii)	Creditors Others:		
	Nikhil Nanda	1,350,574 (847,979)	– (248,174)
	Receivables		
(i)	Loans and Advances:		
	Number one Real Estate Private Limited	– (–)	– (9,660,000)
(ii)	Debtors:		
	Dr. Fresh Inc	– (–)	11,837,348 (4,129,179)

* Figures in brackets pertain to previous year

21 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

10. **Obligation on long term, cancelable operating leases:**
The Company has entered into various cancelable operating leases. Rental Expenses paid during the years ended is ₹4,467,146 (previous year ₹4,993,288).

11. **Earnings Per Share**
The calculation of Earnings per Share (EPS) has been made in accordance with Accounting Standard (AS) 20 notified in Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. A statement on calculation of Basic and Diluted EPS is as under:

Sl No.	Particulars	Units	For the year ended March 31, 2011	For the year ended March 31, 2010
A	Profit available for appropriation	₹	122,098,731	80,246,060
B	Weighted average no. of equity shares	Nos.	14,514,391	13,698,363
	Add: Dilutive potential equity shares	Nos.	–	751,644
C	Number of equity shares for Dilutive EPS	Nos.	14,514,391	14,450,007
	Nominal value per share	₹	10	10
	Basic Earnings Per Share (A/B)	₹	8.41	5.86
	Diluted Earnings Per Share (A/C)	₹	8.41	5.55

12. In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India the net increase in deferred tax asset of ₹1,111,301 for the current year has been recognised in the profit & loss account. The tax effect of significant timing differences as at March 31, 2011 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2011.

(Amounts in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred Tax Liabilities		
On account of Depreciation	5,079,108	–
Provision for Preliminary Expenses	28,940	(22,966)
Total Deferred Liabilities	**5,108,048**	**(22,996)**
Deferred Tax Assets		
On account of Depreciation	–	478,552
Provision for Gratuity	–	404,994
Unrealised exchange loss on Capital Assets acquisitions loans	4,393,313	–
Bonus	27,131	146,549
Provision for obsolete stock	2,059,243	732,769
Provision for doubtful debts	1,237,634	125,545
Carry Forward of Brought Forward Losses	1,248,114	880,643
Total Deferred Assets	**8,965,435**	**2,769,052**
Net Deferred Tax Assets/(Liabilities)	**3,857,387**	**2,746,086**

13. **Directors' Remuneration**

(Amounts in ₹)

Particulars	Managing Director		Whole Time Director	
	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2011	For the year ended March 31, 2010
Salary	1,200,000	1,200,000	120,000	365,000
Monetary Perquisites	500,988	94,167	Nil	Nil
Total	**1,700,988**	**1,294,167**	**120,000**	**365,000**

The different components of salary cannot be identified as in Salary , allowance , contribution to provident fund etc. The above remuneration does not include expense towards retirement since the same is based on actuarial valuations carried out for the Company as a whole.

21 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

14. Remuneration to Statutory Auditors Include:

(Amounts in ₹)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Statutory Audit fees	551,500	303,325
Tax Audit fees	137,875	66,180
Limited Review	226,115	111,983
Certification fees	29,343	38,936
Out of Pocket Expenses	132,452	19,427
Total	**1,077,285**	**539,851**

* Including service tax, where applicable

15. In accordance with Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. The Company has sent the written letters to all of the vendors. However, in absence of written response from all of vendors, the liability of interest, if any cannot be reliably estimated. Management is of opinion that there will be no liability in view of supplier profile of the Company.

16. The Company had exercised an option relating to "The effects of changes in foreign exchange rates" (Notification No. G.S.R 225 (E)) during the previous financial year. However, during the current year the same has been released from the general reserves. The Company had exercised an option relating to "The effects of changes in foreign exchange rates" (Notification No. G.S.R 225 (E)) during the previous financial year. However, during the current year the same has been released

17. During the year 2009-10, the Company had proposed the issue of 1,100,000 warrants on preferential basis out of which the approval from the National Stock Exchange and the Bombay Stock Exchange has been received for 1,00,000 warrants.

18. During the year the Company has converted 100,000 (previous year 1,550,000) convertible warrants issued on preferential basis at a price of ₹30 (previous year ₹46) per warrant into Equity Shares of face value of ₹10 per share (previous year ₹10 per share) at a premium of ₹20 per share (previous year ₹36 per share) on August 9, 2010.

19. Remittance in foreign Currencies for dividends

The particulars of dividends declared and paid to non-resident shareholders and Foreign Institutional Investors ('FII') for the year are as under:

Particulars	Number of Shareholders	Number of Equity Share Held	Gross Amount of Dividend (In ₹)	
			Year ended March 31, 2011	Year ended March 31, 2010
Not-Resident Share holder	88	82,484	41,242	38,820
FII	4	614,580	307,290	45,990
Total	**92**	**697,064**	**348,532**	**84,810**

Final dividend for 2009-10 declared on December 28, 2010.

20. The Company had issued 100,000 Equity Shares on August 9, 2010. This issue was after the date of signing of Balance Sheet but before the record date (i.e. December 24, 2010) for dividend declaration. The dividend pertains to these shares amounts to ₹50,000 and ₹8,250 as corporate dividend tax on the same was paid to the allottees. This is appearing as Proposed Dividend (previous year) in the Profit and Loss Account as on March 31, 2011.

21. Previous year figures have been regrouped / rearranged / reclassified to conform with current year classification.

For and on behalf of the Board of Directors of
JHS Svendgaard Laboratories Limited

	Sd/-	Sd/-	Sd/-
Place: New Delhi	**Nikhil Nanda**	**Gopal Krishna Nanda**	**Anshu Kumar Chakravoarty**
Date: December 5, 2011	*Managing Director*	*Director*	*Company Secretary*

Consolidated Cash Flow Statement For the year ended March 31, 2011

(Amounts in ₹)

	For the year ended March 31, 2011	For the year ended March 31, 2010
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	141,024,247	88,998,109
Adjusted for :		
Depreciation	69,538,816	41,457,473
Interest Income	(129,557)	(708,944)
Excess Provision Written Back	–	13,036
Loss on Sale of fixed Assets	18,848	–
Provision for slow moving / obsolete stock	–	1,126,487
Provision for doubtful debts	–	3,445,202
Provision for doubtful advances	–	824,250
Finance Expenses	37,138,896	29,964,363
Operating Profit before Working Capital Changes	**247,591,250**	**165,119,976**
Adjusted for :		
Increase in Inventories	(35,199,627)	(5,131,125)
Increase in Sundry Debtors	(114,984,626)	(367,414,278)
Increase in Loan and Advances	(33,944,358)	(8,649,722)
Increase in Other Current Assets	–	(60,689)
(Decrease)/ Increase in Current liabilities and provisions	(44,428,190)	205,338,042
Cash generated from Operations	**19,034,449**	**(10,797,796)**
Taxes (Paid)/ refund (Net)	(6,022,755)	3,088,496
Net Cash generated from / (used in) Operating Activities	**13,011,694**	**(7,709,300)**
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase)/ sale of Fixed Assets	(25,009,245)	31,326,542
Purchase of Investments	2,359,054	(500,000)
Transfer of foreign exchange difference on account of capital purchases from Reserves to Profit and Loss account	(3,005,200)	–
Interest and Dividend Income Received	129,557	708,944
Adjustment for erstwhile subsidiary Company	–	652,510
Net Cash (used in)/ generated from Investing Activities	**(25,525,834)**	**32,187,996**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	3,000,000	63,940,000
Forfeiture of Share warrants	–	230,000
Proceed from/ (repayment of) Secured Loans (net)	28,467,148	(83,813,717)
Dividend Paid	(9,406,766)	(3,744,248)
Proceeds from Unsecured Loans (net)	37,949,627	8,853,735
Interest and financial Charges paid	(37,224,257)	(29,825,425)
Net Cash generated from / (used in) Financing Activities	**22,785,752**	**(44,359,655)**
Net Increase/ (Decrease) in Cash and Cash Equivalents	**10,271,612**	**(19,880,959)**
Opening Balance of Cash and Cash Equivalents	5,362,246	25,243,205
Foreign currency translation adjustment	68,212	–
Closing Balance of Cash and Cash Equivalents*	15,702,070	5,362,246

* Include deposits pledged with government authorities of ₹2,842,535 (Previous year ₹1,451,297) and unpaid dividend of ₹78,570 (Previous year ₹28,843).

Note:

The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 'Cash Flow Statement' specified in the Companies (Accounting Standards) Rules, 2006.

As per our report of even date attached

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.: 103523W

For and on behalf of the Board of Directors of
JHS Svendgaard Laboratories Limited

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Sd/-
Nikhil Nanda
Managing Director

Sd/-
Gopal Krishna Nanda
Director

Sd/-
Anshu Kumar Chakravoarty
Company Secretary

Place: New Delhi
Date: December 5, 2011

Place: New Delhi
Date: December 5, 2011

Auditors' Report

To
The Members of
JHS Svendgaard Dental Care Limited

1. We have audited the attached Balance Sheet of JHS Svendgaard Dental Care Limited as at March 31, 2011 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for my opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in term of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex here to a statement on the matters specified in paragraph 4 and 5 of the said Order.

4. Attention is invited to Note No. 4 of the Schedule VIII regarding the change in the rate of depreciation, the impact of which on the loss of the year is of ₹51668.00.

5. Further to our comments in the Annexure referred to in Paragraph 2 above, we report that:

    i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    iii. The Balance Sheet, Profit & loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;

    iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, in so far as they are applicable to the Company;

    v. On the basis of our review of the confirmation received and the information and explanation given to us, none of the directors of the company are as on March 31, 2011, disqualified from being appointed as director of the company under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;

    vi. In our opinion and the best of our information and according to the explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

        a. In so far as it relates to the Balance Sheet, of the STATE OF AFFAIRS of the Company as at March 31, 2011 and

        b. In so far as it relates to the Profit & Loss Account, of the LOSS for the year ended on that date, and

        c. In the case of the cash flow statement, of the cash flow for the year on that date.

For L. K. Kapoor & Co.
Chartered Accountants

Sd/-
CA. L. K. Kapoor
Prop.
Ms. No.: 086942
Firm Regd. No.: 08099N

Place : New Delhi
Date : 02.09.2011

Annexure to the Auditor' Report

Referred to in paragraph '3' of the Auditors' Report.
To the Members of JHS SVENDGAARD DENTAL CARE LIMITED on the accounts for the year ended March 31, 2011.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

    (b) All the assets have been physically verified by the management during the period and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

    (c) During the period, the Company has not disposed off any fixed assets.

2. The Company has no inventory and has not purchased and sold any inventory and therefore matters specified in items (a), (b) and (c) of the item (ii) of paragraph 4 of the said order are not applicable to the Company.

3. (a) The Company has taken loans from its holding company covered in the register maintained under section 301 of the Companies Act, 1956. The amount outstanding as on 31.3.2011 is ₹32.09 lacs (maximum amount outstanding during the year is ₹32.09 lacs). The Company also taken loan from other parties covered in the register maintained under section 301 of the Companies Act, 1956. Number of such parties are three and amount outstanding is ₹17.23 lacs (maximum

amount outstanding during the year is ₹17.23 lacs. The Company has not granted loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) In our opinion, the rate of interest and the other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are, prima facie, not prejudicial to the interest of the Company.

(c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest, if any. The other parties and firms have repaid the principal amounts as stipulated and have been regular in the payment of interest.

(d) There is no overdue amount of loan taken or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and sale thereof. During the course of our audit, we have not observed any continuing failure to connect major weakness in internal controls.

5 (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in the pursuance of such contracts or arrangement centered in the register maintained under section 301 of the Companies Act, 1956, and exceeding the value of Rupees five lacs in respect of any party during the period, have been made at prices which are reasonable as compared to the prices of similar items supplied by the other parties or as available with the Company.

6. In our opinion and accordance to the information and explanations given to us, the Company has not accepted any deposits from the public during the year covered under section 58A and 58AA or any other relevant provision of the Companies Act, 1956.

7. In our opinion, the Company's internal audit system is commensurate with the size and nature of its activities.

8. The Company has not commenced any production activities therefore matters specified in the item (viii) of clause (B) of paragraph 4 of the said order towards maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 are not applicable to the Company.

9. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, there is no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom duty and Excise duty and cess were in arrears, as at March 31, 2011 for a period of more than six months from the date they become payable except payment of TDS of ₹17250/- which is overdue for more than six months.

(c) According to the information and explanations given to us, there is no dues of sale tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of the dispute.

10. This being the second of operation therefore, clause 4(x) of the order is not applicable. However, it has incurred cash losses in the current financial year and in the previous year also.

11. Based on or audit procedure and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank and debenture holders.

12. In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the order is not applicable.

14. According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the order is not applicable.

15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions during the period.

16. According to the information and explanation given to us, Company has not raised any term loans during the period.

17. According to the information and explanation given to us, Company has not raised any short term loan during the period.

18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures during the year.

20. During the period no money has been raised by public issues.

21. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For L. K. Kapoor & Co.
Chartered Accountants

Sd/-
CA. L. K. Kapoor
Prop.
Ms. No.: 086942
Firm Regd. No.: 08099N

Place : New Delhi
Date : 02.09.2011

Balance Sheet As at March 31, 2011

(Amounts in ₹)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	I	500,000.00	500,000.00
Loan Funds			
Unsecured Loans	II	5,009,580.00	2,831,580.00
Total		**5,509,580.00**	**3,331,580.00**
APPLICATION OF FUNDS			
Fixed Assets	III		
Gross Block		2,662,479.68	2,072,076.68
Less: Accumulated Depreciation		310,249.18	164,881.37
Net Block		2,352,230.50	1,907,195.31
Net Current Assets			
Current Asset, Loans & Advances:			
Cash and Bank Balances	IV	277,823.04	226,029.00
Loan & Advances	V	166,333.00	55,136.00
		444,156.04	281,165.00
Less: Current Liabilities & Provisions			
Current Liabilities	VI	411,163.70	1,341,458.20
Provisions	VII	687,987.00	422,199.00
		1,099,150.70	1,763,657.20
Net Current Assets		(654,994.66)	(1,482,492.20)
Deferred Tax Assets		1,082,293.00	783,743.00
Profit & Loss Account		2,730,051.16	2,123,133.89
Total		**5,509,580.00**	**3,331,580.00**
Significant Accounting Policies & Notes on Accounts	VIII		

Schedule I to VIII from an integral part of accounts.

For L. K. Kapoor & Co.
Chartered Accountants

As per our Report of even date.
For JHS Svendgaard Dental Care Limited

Sd/-
CA. L. K. Kapoor
Proprietor
Ms. No.: 086942
FRN : 008809N

Sd/-
Nikhil Nanda
Director

Sd/-
H. C. Nanda
Director

Place : New Delhi
Date : 02.09.2011

Profit and Loss Account For the year ended March 31, 2011

(Amounts in ₹)

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME			
Other Income		2,887,759.00	1,752,012.00
Total		**2,887,759.00**	**1,752,012.00**
EXPENDITURES			
Material Consumed		332,379.73	453,524.00
Staff Expenses		1,979,054.00	1,286,727.00
General and Administrative Expenses		1,328,841.84	1,386,796.00
Interest and Financial Charges		7,582.89	121,002.22
Depreciation	III	145,367.81	126,562.37
Total		**3,793,226.27**	**3,374,611.59**
Profit/(Loss) for the year		**(905,467.27)**	**(1,622,599.59)**
Add: Brought Forwards from Previous Year		(2,123,133.89)	(865,629.30)
Less: Provision for Deferred Tax Assets		298,550.00	365,095.00
Balance carried to Balance Sheet		**(2,730,051.16)**	**(2,123,133.89)**
Significant Accounting Policies & Notes on			
Accounts	VIII		

Schedule I to VIII from an integral part of accounts.

For L. K. Kapoor & Co.
Chartered Accountants

As per our Report of even date.
For JHS Svendgaard Dental Care Limited

Sd/-
CA. L. K. Kapoor
Proprietor
Ms. No.: 086942
FRN : 008809N

Sd/-
Nikhil Nanda
Director

Sd/-
H. C. Nanda
Director

Place : New Delhi
Date : 02.09.2011

Schedules Forming Part of the Consolidated Financial Statements For the year ended March 31, 2011

(Amounts in ₹)

	As at March 31, 2011	As at March 31, 2010
I SHARE CAPITAL		
Authorised :		
1000000 Equity Shares of ₹10/- each	10,000,000.00	10,000,000.00
Issued, Subscribed and Paid up:		
50000 Equity Shares of ₹10/- each	500,000.00	500,000.00
Total	**500,000.00**	**500,000.00**
II UNSECURED LOANS		
From JHS Svendgaard Laboratories Ltd. (Holding Company)	3,209,050.00	1,859,050.00
From Number One real state Pvt. Ltd. (Holding Company)	800,000.00	–
From Directors	972,530.00	972,530.00
From others	28,000.00	–
Total	**5,009,580.00**	**2,831,580.00**

III FIXED ASSETS

(Amounts in ₹)

Nature of Fixed Assets	GROSS BLOCK				DEPRECIATION, AMORTISATION AND IMPAIRMENT				NET BLOCK	
	As at April 1, 2010	Additions during the year	Sales/ Adjustments during the year	As at March 31, 2011	Upto 2010	For the year	On Sales / Adjustments during the year	Upto 2011	As at March 31, 2011	As at March 31, 2010
Plant & Machinery	1,486,459.68	433,999.00	–	1,920,458.68	113,234.90	87,938.44	–	201,173.34	1,719,285.34	1,373,224.78
Furniture & Fixture	439,617.00	62,825.00	–	502,442.00	29,158.20	31,175.77	–	60,333.97	442,108.03	410,458.80
Computer	112,712.00	30,345.00	–	143,057.00	20,309.50	22,273.14	–	42,582.64	100,474.36	92,402.50
Equipment	33,288.00	63,234.00	–	96,522.00	2,178.77	3,980.46	–	6,159.23	90,362.77	31,109.23
Total	**2,072,076.68**	**590,403.00**	–	**2,662,479.68**	**164,881.37**	**145,367.81**	–	**310,249.18**	**2,352,230.50**	**1,907,195.31**
Previous Year	1,407,569.00	664,507.68	–	2,072,076.68	38,319.00	126,562.37	–	164,881.37	1,907,195.31	1,369,250.00

	As at March 31, 2011	As at March 31, 2010
IV CASH & BANK BALANCES		
Cash on hand	136,940.00	226,029.00
Bank Balances:		
With Other Banks		
- In Current Account	140,883.04	–
Total	**277,823.04**	**226,029.00**
V LOAN AND ADVANCES		
Advances recoverable in cash or in kind or for which value to received	107,297.00	22,233.00
TDS Recoverable A Y. 2009-10	14,070.00	14,070.00
TDS Recoverable A Y. 2010-11	18,833.00	18,833.00
TDS Recoverable A Y. 2011-12	26,133.00	–
Total	**166,333.00**	**55,136.00**
VI CURRENT LIABILITIES		
Sundry Creditors		
- for Others	115,282.70	146,875.68
Book Bank Overdraft with HDFC Bank Ltd.	–	759,581.52
Other Liabilities	221,774.00	248,327.00
TDS Payable	74,107.00	186,674.00
Total	**411,163.70**	**1,341,458.20**
VII PROVISIONS		
- for Expenses	687,987.00	422,199.00
- for Taxation	–	–
Total	**687,987.00**	**422,199.00**

Schedules annexed to and forming part of the Accounts

Detail of Unsecured Loan as on 31.3.2011:

(Amounts in ₹)

Sl. No.	Name of Party	As at March 31, 2011	As at March 31, 2010
I.	**From Holding Company**		
1	JHS Svendgaard Laboratories Ltd.	3,209,050.00	1,859,050.00
2	Number One Real State Pvt. Ltd.	800,000.00	–
II.	**From Directors**		
1	H.C.Nanda	750,466.00	750,466.00
2	Nikhil Nanda	222,064.00	222,064.00
III.	**From Others**		
1	Ashna Kochhar	28,000.00	–
	Total	**5,009,580.00**	**2,831,580.00**

Detail of Sundry Creditors as on 31.3.2011:

(Amounts in ₹)

Sl. No.	Name of Party	As at March 31, 2011	As at March 31, 2010
1	Cottex Pharma	–	1,604.00
2	Apollo Health & Lifestyle Ltd.	11,754.00	–
3	Bansal Stores	780.00	–
4	Dr. Manu	2,141.00	–
5	Dentasply	–	19,525.00
6	Dr. Pooja Choudhary	7,693.70	–
7	Eshan Printers	4,410.00	–
8	Globe Pest Control	1,600.00	–
9	Himanshi Enterprises	4,419.00	–
10	L.K.Kapoor & Co.	250.00	–
11	Innodent India	–	3,455.00
12	K. S. Mathur & Co.	38,458.00	8,522.00
13	Nandan Patra	–	1,500.00
14	Naveen Kumar	5,517.00	–
15	Paramount Dental Lab	–	45,380.00
16	Pearal Dental Laboratory	4,200.00	–
17	Ram Dental Lab	11,060.00	–
18	Restorations	4,630.00	–
19	Ravi Kant Sharma	–	2,250.00
20	SaitronicInfotech Pvt. Ltd.	–	6,350.00
21	S. R. Traders	–	2,080.00
22	Surarshan Dental Lab	15,150.00	18,050.00
23	Unicorn Denmart Ltd.	–	36,559.68
24	Yogendra Singh	3,220.00	1,600.00
	Total	**115,282.70**	**146,875.68**

Detail of Other Liabilities as on 31.3.2011:

(Amounts in ₹)

Sl. No.	Name of Party	As at March 31, 2011	As at March 31, 2010
1	Emily Paul– Imprest	–	6,741.00
2	Mayur Healthcare Pvt. Ltd.	–	19,812.00
3	Due to H. C. Nanda	221,774.00	221,774.00
	Total	**221,774.00**	**248,327.00**

Schedules annexed to and forming part of the Accounts

Detail of Provisions for Expenses as on 31.3.2011:

(Amounts in ₹)

Sl. No.	Name of Party	As at March 31, 2011	As at March 31, 2010
1	Salary & Wages Payable	448,948.00	251,678.00
2	Telephone Expense Payable	12,748.00	8,931.00
3	Interest Payable	74,195.00	74,195.00
4	Audit Fees Payable	13,500.00	15,000.00
5	Other Expenses Payable	8,264.00	42,564.00
6	Electricity Expenses Payable	–	7,252.00
7	Rent Payable	116,706.00	16,706.00
8	Interest on TDS Payable	13,626.00	5,873.00
	Total	687,987.00	422,199.00

Detail of Loan & Advances as on 31.3.2011:

(Amounts in ₹)

Sl. No.	Name of Party	As at March 31, 2011	As at March 31, 2010
I.	Advances Recoverable		
1	Samvedena Hospital	94,933.00	–
2	Bharti Medicare Pvt. Ltd.	9,823.00	14,506.00
3	Subscription Prepaid	1,241.00	1,458.00
4	Rajinder	–	2,000.00
5	Prepaid Expense	1,300.00	–
6	Rashmi Acharya	–	4,269.00
	Total	107,297.00	22,233.00

Detail of Bank Accounts as on 31.3.2011:

(Amounts in ₹)

Sl. No.	Name of Party	As at March 31, 2011	As at March 31, 2010
1	HDFC Bank Ltd. A/c No.00892020003952	140,883.04	–
	Total	140,883.04	–

Detail of Other Income as on 31.3.2011:

(Amounts in ₹)

Sl. No.	Particulars	As at March 31, 2011	As at March 31, 2010
1	Income from Clinic	2,868,234.00	1,752,012.00
2	Other Income	19,525.00	–
	Total	2,887,759.00	1,752,012.00

Detail of Staff Expenses as on 31.3.2011:

(Amounts in ₹)

Sl. No.	Particulars	As at March 31, 2011	As at March 31, 2010
1	Salary & Wages	1,960,121.00	1,103,396.00
2	Incentives	5,800.00	179,361.00
3	Staff Welfare	13,133.00	3,970.00
	Total	1,979,054.00	1,286,727.00

Detail of General and Administrative Expenses as on 31.3.2011:

(Amounts in ₹)

Sl. No.	Particulars	As at March 31, 2011	As at March 31, 2010
1	Licence Fees	579,180.00	527,545.00
2	Legal & Professional Charges	1,050.00	83,301.00
3	Rent	300,000.00	300,000.00
4	Conveyance	7,893.00	7,684.00
5	Electricity Expenses	90,854.00	69,870.00
6	Telephone Expense	103,409.52	65,956.00
7	Interest on TDS	8,428.00	10,683.00

Schedules annexed to and forming part of the Accounts

Detail of General and Administrative Expenses as on 31.3.2011:

(Amounts in ₹)

Sl. No.	Particulars		As at March 31, 2011	As at March 31, 2010
8	Payment to Auditors:			
	- Audit Fees	15,000.00		15,000.00
	- Others	32,500.00	47,500.00	23,500.00
9	General Expenses		2,990.32	20,208.00
10	Printing & Stationery		26,656.00	47,086.00
11	Repair, Upkeep & Maintenance Expenses		11,475.00	37,094.00
12	Clinic Upkeep & Maintenance Expenses		34,582.00	–
13	Postage & Courier		555.00	3,470.00
14	Inauguration Expense		2,985.00	–
15	Filing Fees		–	8,500.00
16	Advertisement & Publicity		100,343.00	96,716.00
17	Business Promotion		–	23,571.00
18	Prior Period Expenses		5,760.00	26,462.00
19	Subscription		5,181.00	4,719.00
20	Commission Paid		–	15,431.00
	Total		1,328,841.84	1,386,796.00

Detail of Interest and Financial Charges as on 31.3.2011:

(Amounts in ₹)

Sl. No.	Particulars	As at March 31, 2011	As at March 31, 2010
1	Interest on Loan	–	113,688.00
2	Bank Charges	7,582.89	7,314.22
	Total	7,582.89	121,002.22

For JHS Svendgaard Dental Care Limited

	Sd/-	Sd/-
Place : New Delhi	**Nikhil Nanda**	**H. C. Nanda**
Date : 02.09.2011	*Director*	*Director*

Schedules annexed to and forming part of the Accounts

VIII SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

   The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India under the historical cost convention on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956.

2. Fixed assets and depreciation

   Fixed assets are stated at cost of acquisition. Cost includes taxes, duties, freight and other incidental expenses related to acquisition.

   Depreciation on fixed assets is provided on Straight Line Method at the rate and in the manner Prescribed in Schedule XIV to the Companies Act, 1956.

   Pre-Operative expenditure is accumulated in capital work in progress and to be allocated in the basis of prime cost of fixed assets.

3. Inventories

   Consumable Stores are charged to consumption in the year of its purchase.

4. Revenue recognition

   Revenue from services rendered is recognised on accrued basis as per accounting standards applicable to India.

5. Retirement benefits

   Company's contributions to defined contribution schemes are charged to the profit and loss account on accrual basis. Provision for gratuity is based on actuarial valuation done as at the balance sheet date by independent actuaries.

   No provision towards present liabilities, for the future payment of gratuity to employees under the Payment of Gratuity Act, 1972 has been made in the accounts, as the provisions of the Act are not applicable to the Company.

6. Accounting for taxes on income

   Provision for current tax is made based on the tax payable for the year under the Income-tax Act, 1961 and based upon expected outcome of assessments and appeals.

   Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date.

   Deferred tax assets, other than on unabsorbed tax depreciation and unabsorbed tax losses, are recognised only to the extent that there is a reasonable certainty of their realisation. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognised only to the extent that there is virtual certainty of their realisation supported by convincing evidence.

7. Impairment of Assets

   An Asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Impairment Loss if any is charged to Profit & Loss A/c in the year in which impairment is identified.

8. Borrowing Cost

   Borrowing cost that is directly attributable to the acquisition or construction of qualifying assets is capitalised as part of the cost of assets. Other borrowing costs are recognised as an expense.

9. Contingent Liability:

   Un provided contingent liabilities are disclosed in the accounts by way of notes giving nature and quantity of such liabilities.

10. Events Occurring after Balance Sheet Date:

    Events occurring after balance sheet date have been considered in the preparation of financial Statements.

11. Earning per Share:

    Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end except where the results would be anti-dilutive.

NOTES TO ACCOUNTS

1. Capital Commitment in respect of contracts to be executed on capital account (Net of Advances) are ₹ Nil (Previous Year ₹Nil).

VIII SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT (Contd.)

2. Contingent Liabilities not provided for in respect of

(Amounts in ₹)

	Current Year	Previous Year
Claim not acknowledged as debts	Nil	Nil

3. Balance of debtors, creditors and loans and advances are subject to confirmation.
4. There has been an change in the rate of the charging depreciation on Plant & Machinery which in the past double shift basis and is now on single shift basis according to straight line method as per the rates given in Schedule XIV of the Companies Act, 1956. Consequent upon this change the charge on the depreciation this year is lower by ₹51668.09.
5. This company has been incorporated as subsidiary company to M/s JHS Svendgaard Laboratories Ltd. on April 3, 2008 which holding 50.99% of equity shares of the Company as against the said holding company hold 59.99% of equity shares of the Company as on 31.3.2011.
6. The previous year's figures has been reworked, regrouped , rearranged and reclassified wherever considered necessary. Accounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.
7. In the opinion of the Board, the current assets, loans and advances are of the value stated if realised in ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably required.
8. Section 349 of the Companies Act, 1956 is not being enumerated since no commission has been paid to the Directors and, as per Schedule XIII to the Companies Act, 1956.

(Amounts in ₹)

		Current Year	Previous Year
9.	i) Number of Non-Resident Shareholders	Nil	Nil
	ii) Earnings/Expenditure/Remittances in Foreign Currency	Nil	Nil

10. Auditor's Remuneration

(Amounts in ₹)

	Current Year	Previous Year
Audit Fees	15,000.00	15,000.00
Other Payments - Certification	30,000.00	21,000.00
- Income Tax	2,500.00	2,500.00

11. There is no employees drawing salary in excess of provision made under section 217(2A) of the Companies Act, 1956, during the period.
12. In absence of any taxable profit no provision for Income Tax has been made for the year as per the provisions of the Income Tax Act, 1961.
13. In view of losses, the Earning Per Share (EPS) is -18.11 (Previous Year – 32.45).
14. The Company is in process of identification of Macro, Small & Medium Enterprises suppliers and service providers, at this point of time. if any.
15. Quantitative and Value analysis of goods traded in and goods sold are nil, hence not provided.
16. As specified in Accounting Standard 22 on "Accounting for Taxes on Income" issued by ICAI, deferred tax assets arising out of Timing Differences amounting to ₹1083883.00 during the year ending on March 31, 2011 (Previous Period - ₹783743.00) has been charged from Profit & Loss Account.

The principal components of the net deferred tax Assets are as follows:

(Amounts in ₹)

	2010-11	2009-10
Deferred Tax Assets/Liabilities (-/+):		
Opening as on 1.4.2010	73,945.00	36,376.00
Preliminary/Preoperative Expenses-Timing Difference	28,940.00	22,966.00
Depreciation - Timing Difference	62,936.00	37,558.00
Unabsorbed Losses – Timing Difference	(1,248,114.00)	(880,643.00)
Net Deferred Tax Assets	**(1,082,293.00)**	**(783,743.00)**

VIII SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT (Contd.)

17. Related Party Disclosures

Pursuant to Accounting Standard (AS –18) – "Related Party Disclosure" issued by ICAI following parties are to be treated as related parties along with their relationships:

Related party disclosure

a. The following are the names of related parties and description of relationship:

Enterprises where control exists:

Ultimate Holding Company

1. JHS Svendgaard Laboratories Limited

Other Related Parties with whom the Company had transactions:

Key management personnel

1. Mr. H. C. Nanda
2. Mr. Nikhil Nanda
3. Mrs. Sushma Nanda
4. Mr. Anish Nanda

b. The following are the volume of transactions with related parties during the year and outstanding balances as on year end disclosed in aggregate by type of related party:

(Amounts in ₹)

Transactions	31.3.2011	31.3.2010
Transactions with the Holding Company during the year		
Unsecured Loan Recd. from		
- JHS Svendgaard Laboratories Ltd.	1,350,000.00	8,100,000.00
- Number One Real Estate Pvt. Ltd.	800,000.00	–
Unsecured Loan repaid to		
- JHS Svendgaard Laboratories Ltd.	–	544,000.00
Transactions with Key Management Personnel & their relatives during the year		
Unsecured Loan Recd.:		
- Mr. H. C. Nanda	332,712.00	1,000,000.00
- Mr. Nikhil Nanda	–	244,639.00
Unsecured Loan repaid:		
- Mr. H. C. Nanda	332,712.00	249,534.00
Interest Paid:		
- Mr. H. C. Nanda	–	113,688.00
Rent Paid:		
- Mr. Anish Nanda	–	300,000.00
Balance outstanding as on March 31, 2011		
- JHS Svendgaard Laboratories Ltd. (Credit Balance)	3,209,050.00	1,859,050.00
- Nikhil Nanda (Credit balance)	222,064.00	222,064.00
- H. C. Nanda (Credit balance)	750,466.00	750,466.00
- Number One Real Estate Pvt. Ltd. (Credit Balance)	800,000.00	–

No amount has been written off during the year.

Note: Related party relationship is as identified by the Company and relied upon by the auditors.

18. Schedule Nos. I to VIII from integral part of accounts and have been duly authenticated.

On behalf of the Board of Directors
For JHS Svendgaard Dental Care Limited

	Sd/-	Sd/-
Place : New Delhi	**Nikhil Nanda**	**H. C. Nanda**
Date : 02.09.2011	*Director*	*Director*

Cash Flow Statement For the year ended March 31, 2011

(Amounts in ₹)

	For the year ended March 31, 2011		For the year ended March 31, 2010	
A. NET CASH FLOW FROM OPERATING ACTIVITIES:				
Profit before Tax		(905,467.27)		(1,622,599.59)
Depreciation	145,367.81		126,562.37	
Interest/Finance Charges	7,582.89	152,950.70	121,002.22	247,564.59
Operating Profit before Working Capital Changes		(752,516.57)		(1,375,035.00)
(Increase)/Decrease in Sundry Debtors	–		–	
(Increase)/Decrease in Inventories	–		–	
(Increase)/Decrease in Loans & Advances	(111,197.00)		22,757.00	
Increase/(Decrease) in Current Liabilities	(930,294.50)		1,115,928.20	
Increase/(Decrease) in Provisions	265,788.00	(775,703.50)	325,422.00	1,464,107.20
Cash Generated from Operations		(1,528,220.07)		89,072.20
Income Tax Paid		–		–
Cash Flow from Operating Activities		(1,528,220.07)		89,072.20
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	590,403.00		664,507.68	
Sale of Fixed Assets	–	590,403.00	–	664,507.68
Net Cash Flow from Investing Activities		(2,118,623.07)		(575,435.48)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Increase in Unsecured Loans	2,178,000.00		1,610,000.00	
Repayment of Unsecured Loan	–		(1,049,534.00)	
Proceeds from Share Capital	–		–	
Interest/ Finance Charges	(7,582.89)		(121,002.22)	
Net Cash Flow from Financing Activities		2,170,417.11		439,463.78
Net Increase/(Decrease) in Cash and Cash Equivalents		51,794.04		(135,971.70)
Cash and Cash Equivalents at the beginning of the year		226,029.00		362,000.70
Cash and Cash Equivalents at the end of the year		277,823.04		226,029.00

This Cash Flow Statement referred I our report of even date.

For L. K. Kapoor & Co.
Chartered Accountants

As per our Report of even date.
For JHS Svendgaard Dental Care Limited

Sd/-
CA. L. K. Kapoor
Proprietor
Ms. No.: 086942
FRN : 008809N

Sd/-
Nikhil Nanda
Director

Sd/-
H. C. Nanda
Director

Place : New Delhi
Date : 02.09.2011

Independent Auditors' Report

To
The Shareholder
Jones H Smith FZE,
Ras Al Khaimah Free Trade Zone
P.O. Box 10559
Ras Al Khaimah - United Arab Emirates.

We have audited the accompanying financial statements of Jones H Smith FZE – Ras Al Khaimah Free Trade Zone, Ras Al Khaimah - United Arab Emirates, which comprise the balance sheet as at March 31, 2011 and the statement of income, statement of changes in shareholder's equity, statement of cash flow for the year ended March 31, 2011 and a summary of significant accounting policies and other explanatory notes.

Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements which gives a true and fair view of the state of affairs of the Establishment and of the net profit or loss for that Year and to ensure that the financial statements comply with the provisions of the Implementing regulations of RAK Free Trade Zone pursuant to the Emiri decree dated 1/5/2000 concerning the entities in RAK Free Zone. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jones H Smith FZE – Ras Al Khaimah Free Trade Zone, Ras Al Khaimah, United Arab Emirates as of March 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Also, in our opinion, there were no contraventions during the year of the implementing regulations of RAK Free Trade Zone pursuant to the Emiri decree dated 1/5/2000 of H.H.Sheikh Saqr Bin Mohammed Bin Salem Al Qassimi, the ruler of Ras al Khaimah concerning the entities in RAK Free Zone which might have materially affected the financial position of the Establishment or the result of its operations for the year.

Sd/-
K. Ramu
Managing Partner

Dubai – United Arab Emirates 2002
Date: June 15, 2011

AL KTTBI & Associates
Chartered Accountants

Balance Sheet As at March 31, 2011

(In Arab Emirates Dirhams)

	Notes	As at March 31, 2011	As at March 31, 2010
Assets			
Current assets			
Cash on hand and at banks	4	893,178	248,681
Trade receivables	5	4,526,795	11,295,899
Other receivables and prepayments	6	1,834,258	29,376
Inventories	7	949,666	53,453
		8,203,897	11,627,409
Total assets		8,203,897	11,627,409
Liabilities and Shareholder's Equity			
Current liabilities			
Due to banks	8	157	–
Trade payables	9	894,789	9,472,481
Total liabilities		894,946	9,472,481
Shareholder's Equity			
Shareholder's capital	2	100,000	100,000
Retained earnings	10	7,100,840	1,946,817
Shareholder's current account	11	108,111	108,111
Total Shareholder's Equity		7,308,951	2,154,928
Total Liabilities and Shareholder's Equity		8,203,897	11,627,409
The accompanying notes form an integral part of these financial statements.			
The Report of the Auditors is set out on pages 1 and 2.			

The financial statements on pages 3 to 16 were approved and signed by the Shareholder on June 15, 2011:

Shareholder
Jones H Smith FZE

Statement of Income For the year ended March 31, 2011

(In Arab Emirates Dirhams)

	Notes	For the year ended March 31, 2011	For the year ended March 31, 2010
Sales	12	34,559,951	14,087,381
Cost of sales	13	(26,838,205)	(10,803,769)
Gross profit		7,721,746	3,283,612
Administrative expenses	14	(2,564,735)	(1,316,545)
Finance cost		(2,988)	(4,788)
Net profit for the year before		5,154,023	1,962,279
Other income	15	–	11,561
Net profit for the year	10	**5,154,023**	**1,973,840**
The accompanying notes form an integral part of these financial statements.			
The Report of the Auditors is set out on pages 1 and 2.			

The financial statements on pages 3 to 16 were approved and signed by the Shareholder on June 15, 2011:

Shareholder
Jones H Smith FZE

Statement of Changes in Shareholder's Equity For the year ended March 31, 2011

(In Arab Emirates Dirhams)

	Share capital	Retained earnings	Shareholder's current account	Total
As at April 1, 2010	100,000	(27,023)	33,913	106,890
Changes in Shareholder's equity				
a) Net profit for the year	–	1,973,840	–	1,973,840
c) Net movement	–	–	74,198	74,198
Balance as at March 31, 2010	**100,000**	**1,946,817**	**108,111**	**2,154,928**
Changes in Shareholder's equity				
a) Net profit for the year	–	5,154,023	–	5,154,023
Balance as at March 31, 2011	**100,000**	**7,100,840**	**108,111**	**7,308,951**

The accompanying notes form an integral part of these financial statements.
The Report of the Auditors is set out on pages 1 and 2.

Statement of Cash Flow For the year ended March 31, 2011

(In Arab Emirates Dirhams)

	For the year ended March 31, 2011	For the year ended March 31, 2010
CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit for the year	5,154,023	1,973,840
Finance cost	2,988	4,788.00
Operating profit before changes in operating assets and liabilities	**5,157,011**	**1,978,628**
Decrease/(increase) in trade receivables	6,769,104	(11,295,899)
(Increase) in other receivables and prepayments	(1,804,882)	(22,929)
(Increase) in inventories	(896,213)	(53,453)
(Decrease)/increase in trade payables	(8,577,692)	9,470,281
Net cash from operating activities	**647,328**	**76,628**
CASH FLOW FROM FINANCING ACTIVITIES:		
Finance cost paid	(2,988)	(4,788)
Increase in due to bank	157	–
Net movement in shareholder's current account	–	74,198
Net cash (used in)/from financing activities	**(2,831)**	**69,410**
Net increase in cash and cash equivalents	**644,497**	**146,038**
Cash and cash equivalents, beginning of the year	248,681	102,643
Cash and cash equivalents, end of the year	893,178	248,681
Represented by:		
Cash on hand	893,178	152,425
Cash at bank	–	96,256
	893,178	**248,681**

The accompanying notes form an integral part of these financial statements.
The Report of the Auditors is set out on pages 1 and 2.

Notes to the Financial Statements For the year ended March 31, 2011

1 **Legal status and business activity:**

1.1 Jones H Smith FZE, Ras Al Khaimah Free Trade Zone, Ras Al Khaimah - United Arab Emirates ("the Establishment") was incorporated on December 10, 2007 and operates as a Free Zone Establishment under a commercial license issued by the Ras Al Khaimah Free Zone Authority of Government of Ras Al Khaimah.

1.2 The main activities of the Establishment as per trade license are trading in perfumes, cosmetics, beauty, personal care requisites, soap & hair care products.

1.3 The registered office of the Establishment is located at RAK Free Trade Zone, P.O. Box 10559, Ras Al Khaimah, United Arab Emirates.

1.4 The management and control are vested with Mr. Ajay Kumar Gupta.

1.5 These financial statements incorporate the operating results of commercial license No. 3250.

2. **Share Capital:**

The capital of the Establishment is AED 100,000 consisting of a single share in the name of M/s. JHS Svendgaard Laboratories Limited.

3. **Summary of significant accounting policies:**

Basis of Preparation:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations

Committee (IFRIC), and applicable requirements of the U.A.E. Law. A summary of the significant accounting policies, which have been applied consistently, are set out below:

a) Accounting convention

These financial statements have been prepared under historical cost convention basis.

b) Inventories

Inventories are stated at the lower of cost and net realisable value using FIFO method. Costs comprise direct materials and, where applicable, direct labour costs and the overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to disposal.

c) Impairment of Assets

All assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of income.

d) Revenue recognition

Revenue from sale of goods shall be recognised when all the following conditions have been satisfied:

i. The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;

ii. The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

iii. The amount of revenue can be measured reliably;

iv. It is probable that the economic benefit associated with the transaction will flow to the entity; and

v. The cost incurred or to be incurred in respect of the transaction can be measured reliably.

e) Employees' terminal benefits

Amounts required to cover end of service indemnity at the balance sheet date are computed pursuant to the United Arab Emirates Federal Labour Law based on the employees' accumulated period of service and current basic remuneration at the balance sheet date.

Employees' terminal benefits are accounted on cash payment basis.

f) Financial expenses

Financial expenses are accounted in the statement of income in the year in which they are accrued.

g) Provisions

Provisions are recognised when the Establishment has a present obligation as a result of a past event, which it is probable, will result in an outflow of economic benefits that can be reasonably estimated.

h) Foreign Currencies

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising are included in the statement of income.

i) Financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognised on the entity's balance sheet when the entity has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable or an equity instrument.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

Trade receivables

Sales made on credit are included in trade receivables at the balance sheet date, and reduced by appropriate allowances for estimated doubtful amounts. Bad debts are written off as they arise.

Trade payables

Trade payables are stated at their nominal value.

j) Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise cash on hand, balances with bank and deposits with banks, within a maturity date of three months or less from the date of deposit, free of encumbrances.

4. Cash on hand and at banks

(In Arab Emirates Dirhams)

	31.03.2011	31.03.2010
Cash on hand	893,178	152,425
Cash at bank	–	96,256
	893,178	248,681

Bank balance is taken based on bank statement only.

5. Trade receivables

(In Arab Emirates Dirhams)

	31.03.2011	31.03.2010
Trade receivables	4,526,795	11,295,899
	4,526,795	11,295,899
Aging of trade receivables are as follows:		
Due for less than six months	4,526,795	11,212,644
Due for more than six months	–	83,255
	4,526,795	11,295,899

The fair value of trade receivables is not materially different from their balances shown in the balance sheet.

6. Other receivables and prepayments

(In Arab Emirates Dirhams)

	31.03.2011	31.03.2010
Deposit	3,000	3,000
Advance to suppliers	1,831,258	–
Prepayments	–	26,376
	1,834,258	29,376

7. Inventories

(In Arab Emirates Dirhams)

	31.03.2011	31.03.2010
Goods held for sale	949,666	53,453
	949,666	53,453

8. Due to banks

(In Arab Emirates Dirhams)

	31.03.2011	31.03.2010
Bank overdraft	157	–
	157	–

9. Trade payables

(In Arab Emirates Dirhams)

	31.03.2011	31.03.2010
Trade payables	894,789	9,472,481
	894,789	9,472,481

10. Retained earnings

(In Arab Emirates Dirhams)

	31.03.2011	31.03.2010
Opening balance	1,946,817	(27,023)
Net profit for the year	5,154,023	1,973,840
Closing balance	7,100,840	1,946,817

11. Shareholder's current account (Mr. JHS Svendgaard Laboratories Limited)

(In Arab Emirates Dirhams)

	31.03.2011	31.03.2010
Opening balance	108,111	33,913
Movements during the year	–	74,198
Closing balance	108,111	108,111

12. Sales

(In Arab Emirates Dirhams)

	31.03.2011	31.03.2010
Sales - Within UAE	34,559,951	13,850,126
- Outside UAE	–	237,255
	34,559,951	14,087,381

13. Cost of sales

(In Arab Emirates Dirhams)

	31.03.2011	31.03.2010
Opening stock, beginning of the year	53,453	–
Add: Purchases (including direct cost)	27,734,418	10,857,222
	27,787,871	10,857,222
Less: Closing stock, end of the year	(949,666)	(53,453)
	26,838,205	10,803,769

14. Administrative expenses

(In Arab Emirates Dirhams)

	31.03.2011	31.03.2010
Salaries & other related benefits	203,793	146,656
Rent	112,675	59,299
Communication	99,012	95,127
Utilities	175,749	75,789
Legal, visa and taxes	149,394	184,944
Printing & stationery	58,850	–
Travelling and conveyance	635,738	208,113
Transportation	379,274	373,381
Labour charges	264,164	13,699
Business promotion	365,258	64,616
Miscellaneous	120,828	94,921
	2,564,735	1,316,545

15. Other income

During the year, this was derived from the following source:

(In Arab Emirates Dirhams)

	31.03.2011	31.03.2010
Exchange gain	–	11,561
	–	11,561

16. Financial instruments

Financial instruments of the Establishment comprise of cash at bank, trade and other receivables due to banks and trade payables.

Credit risk

Financial assets which potentially expose the Establishment to concentration of credit risk comprise principally bank accounts, trade and other receivables.

The Establishment's bank accounts are placed with high credit quality financial institutions.

Currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams or US Dollars to which the conversion of Dirhams into US Dollar is fixed.

Interest rate risk

The Establishment is not exposed to any significant interest rate risk.

Fair values

At the balance sheet date, the fair values of financial assets and liabilities at year-end approximate to their carrying amounts.

17. Contingent liability and capital commitments

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitments on Establishment's account, as of balance sheet date.

Corporate information

Members of the Board

Chairman:	**Daljit Singh Grewal** DIN 00051627
Managing Director:	**Nikhil Nanda** DIN 00051501
Whole-Time Director:	**Gopal Krishan Nanda** DIN 01490288
Non-executive Directors:	**Piyush Goenka** DIN 02117859
Independent Directors:	**Vanamali Polavaram** DIN 01292305
	Mukul Pathak DIN 00051534
	Chhotu Ram Sharma DIN 00522678
	Amarjit Singh DIN 01244897

Company Secretary & Compliance Officer

Anshu Kumar Chakravoarty

Registered Office

Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan,
District-Sirmour, Himachal Pradesh-173030

Corporate Office

B-1/E-23, Mohan Co-operative Industrial Area,
Mathura Road, New Delhi-110044
Ph: 011-30885601/06/40, Fax: 011-30885604

Statutory Auditors

Haribhakti & Company,
Chartered Accountants
42-43, Free Press House,
215, Nariman Point
Mumbai 400 021
Tel 022-56308232
Fax 022-22876249

Registrar and Transfer Agent

Link Intime India Private Limited
A-40, Naraina Industrial Area,
Phase-II, Near Batra Banquet Hall,
New Delhi - 110028
Ph: 011-41410592
Fax: 011-41410591
Email: delhi@intimespectrum.com

Bankers

ICICI Bank Limited
Bank of India

Unit I

Sunehari Oral Care
B-1/ E-13, Mohan Cooperative Industrial Area,
Mathura Road, New Delhi-110044

Unit II

Jai Hanuman Exports
H-3, SDF, NSEZ, Noida Phase II,
Dadri Road, Gautam Budh Nagar,
Uttar Pradesh – 201305

Unit III

JHS Svendgaard Laboratories Limited
Trilokpur Road, Kheri (Kala-Amb),
Tehsil - Nahan, District-Sirmour,
Himachal Pradesh-173030

JHS Svendgaard Laboratories Limited

Registered office: Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District- Sirmour, Himachal Pradesh -173030
Corporate Office: B-1/E-23, Mohan Co-operative Industrial Area, Mathura Road, New Delhi-110044