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ANNUAL REPORT  
(2014-15)



# Aquawhite™

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**CORPORATE INFORMATION:**

<b>Board of Directors</b>	
<b>Executive Directors</b>	
Mr. Nikhil Nanda	Managing Director
Mr. Vishal Sarad Shah	Whole Time Director (Additional Director)
<b>Non Executive Directors</b>	
Mr. Vanamali Polavaram	Chairman
Mr. Piyush Goenka	Nominee Director
Mrs. Kalyani Polavaram	Woman Director
Mr. C R Sharma	Independent Director
Mr. P K Misra	Independent Director
Mr. Amarjit Singh	Independent Director
Mr. Mukul Pathak	Independent Director
<b>Senior Management</b>	
Mr. Neeraj Kumar	Chief Financial Officer
Mr. Paramvir Singh	Chief Executive Officer
Mr. Ashish Goel	Vice President (Finance)
Dhiraj Kumar Jha	Company Secretary & Compliance Officer
<b>Committees of Board</b>	
Audit Committee	
Stakeholders Relationship Committee	
Nomination & Remuneration Committee	
Compensation Committee	
Risk Management Committee	
<b>Statutory Auditors</b>	
M/s S N Dhawan & Co.	
FRN: 000050N	
C 37, Connaught Place,	
New Delhi-110 001	
Tel No.: +91 114368 4444, Fax: +91 114368 4445	
<b>Registrar &amp; Transfer Agent:</b>	
M/s Alankit Assignments Limited	
205-208, Anarkali Complex	
Jhandewalan Extension, New Delhi- 110 055	
<b>Bankers</b>	
ICICI Bank Limited	
Bank of India	
<b>Listing Information</b>	
The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Listing fees as prescribed have been paid to the respective stock exchanges for the financial year ended 31st March, 2015.	
<b>Stock Code</b>	
Bombay Stock Exchange Limited: 532771	
National Stock Exchange of India Limited: JHS	
ISIN Code: INE544H01014	
Website: www.svendgaard .com	

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<b>Registered Office</b>		
Trilokpur Road, Kheri (Kala Amb), Tehsil – Nahan, Distt: Sirmaur, Himachal Pradesh-173030 Tel: +91 9218-400346 Fax: +91 1702-238831 Web: www. svendgaard.com		
<b>Corporate Office</b>		
B1/E23, Mohan Co-Operative Industrial Area, Mathura Road, New Delhi-110 044 Tel: +91 11 2690 0411, Fax: +91 11 26900434 Web: www. svendgaard.com		
<b>Unit I</b>		
Trilokpur Road, Kheri (Kala Amb), Tehsil – Nahan, Distt-Sirmaur, Himachal Pradesh-173030		
<b>Unit II</b>		
Jai Hanuman Exports H-3, SDF, NSEZ, Noida Phase-II, Dadri Road, Gautam Budh Nagar, Uttar Pradesh-201305		





## NOTICE

To

The Members,

**NOTICE** is hereby given that the eleventh (11th) Annual General Meeting of the Members of **JHS SVENDGAARD LABORATORIES LIMITED** will be held on Tuesday, 01st September, 2015 at 11.00 a.m. at the Registered Office of the Company at Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan District Sirmaur, Himachal Pradesh - 173030 to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and Statement of Profit and Loss for the financial year ended on 31st March, 2015 together with the Directors' & Auditor's Report thereon
2. To appoint a Director in place of Mr. Vanamali Polavaram (DIN: 01292305) who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification (s), the following resolution for appointment and fixation of remuneration for the Statutory Auditors for a term of 5 years from the conclusion of ensuing Annual General Meeting till the conclusion of the Annual General Meeting to be held for financial year ending 31st March, 2020 as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and other applicable Rules framed thereunder, as amended from time to time, M/s S. N. Dhawan & Co., Chartered Accountants (Firm Registration No.000050N), be and is hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the 16th Annual General Meeting to be held in the year 2020, subject to the ratification by the members in subsequent general meetings every year, on such remuneration as may be mutually agreed between the Board of Directors and the Statutory Auditors."

### SPECIAL BUSINESS:

4. **Confirmation of the appointment of Mr. Mukul Pathak (DIN: 00051534), as an Independent Director of the Company w.e.f. 02nd July, 2015.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:-

**"RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and relevant Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Mukul Pathak (DIN: 00051534), additional Director of the Company, be and is hereby appointed as an Independent

Director of the Company not being liable to retire by rotation, to hold office for a term of 5 (five) consecutive years with effect from 02<sup>nd</sup> July, 2015."

5. **Confirmation of the appointment of Mr. Vishal Sarad Shah (DIN: 07113784), Additional Director, as a Director of the Company w.e.f. 14.02.2015 as an ORDINARY RESOLUTION.**

**"RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board and subject to the provisions of Sections 160 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and Article 191 of Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the appointment of Mr. Vishal Sarad Shah, as a Director of the Company with effect from 14th February, 2015 who was appointed as an additional director of the Company as such.

6. **Confirmation of the appointment of Mr. Vishal Sarad Shah (DIN: 07113784), as a Whole Time Director of the Company w.e.f. 14.02.2015.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **SPECIAL RESOLUTION**:-

**"RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and Article 191 of Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the appointment of Mr. Vishal Sarad Shah, as Whole-time Director of the Company with effect from 14th February, 2015 for a period of 5 years till 13th February, 2020, as well as the payment of salary, commission and perquisites (hereinafter referred to as "remuneration"), upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Vishal Sarad Shah.

**RESOLVED FURTHER THAT** the remuneration payable to Mr. Vishal Sarad Shah, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be



required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

**7. Appointment of Ms. Mahima Suri of Mahima Suri & Associates, as Secretarial Auditors of the Company for the financial year 2015-16.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

“**RESOLVED THAT** pursuant to section 204 of the companies act, 2013, Ms. Mahima Suri of MAHIMA SURI & ASSOCIATES (Membership Number 31768) a Practicing Company Secretary be and is hereby appointed as a Secretarial Auditor, for auditing the Secretarial and related records of the Company for the financial year ending on 31st March, 2016 at an annual fees as may be mutually agreed by the board and the auditor.”

**8. Enhancement of Authorised Share Capital and Alteration of Capital Clause contained in the Memorandum of Association**

To consider and if thought fit, to pass, with or without modification(s), the Resolution for Increase in Authorized Share Capital as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 13, 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, the Authorized Share Capital of the Company be and is hereby increased from Rs.55,00,00,000 (Rupees Fifty Five Crores) divided into 5,50,00,000 (Five Crores Fifty Lacs) Equity Shares of Rs.10/- each to Rs.60,00,00,000 (Rupees Sixty Crores) divided into 6,00,00,000 (Six Crores) Equity Shares of Rs. 10/- each, by creation of additional 50,00,000 equity shares of Rs. 10/- each ranking pari-passu in all respect with the existing Equity Shares .

**RESOLVED FURTHER THAT** pursuant to Section 13, 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013 the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted with the following new Clause V as follows:

- V. “*The Authorised Share Capital of the Company is Rs. 60,00,00,000 (Rupees Sixty Crores) divided into 6,00,00,000 (Six Crores) Equity Shares of Rs. 10/- (Rupees Ten) each.*”

**RESOLVED FURTHER THAT** for the purpose of giving effect to the aforesaid resolution, the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as it may in its absolute discretion considered necessary, desirable or expedient and to sign, execute and submit all the requisite documents with the appropriate authority including filing of requisite documents with the Registrar of Companies.

**9. Issuance of Warrants on Preferential Basis**

To consider and, if thought fit, to pass with or without

modification(s) the following Resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 42, Section 62 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred as the “Companies Act”) read with Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and other relevant rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Memorandum and Articles of Association of the Company, Listing Agreement entered into by the Company with the Stock Exchange(s) where the shares of the Company are listed, and in accordance with the existing guidelines, rules and regulations of the Securities and Exchange Board of India (“SEBI”) (including the SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009, the SEBI (Substantial Acquisition of Shares and Takeovers Regulations, 2011) (including any statutory amendment(s), modification(s) and or re-enactment(s) thereof, for the time being in force) and subject to the approvals, consents, permissions and/ or sanctions, as may be required from the Government of India, the Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other relevant statutory, governmental authorities or departments, institutions or bodies (“Concerned Authorities”), institution or body and subject to such terms, conditions, alterations, corrections, changes, variations and/ or, modifications, if any, as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and / or sanctions and which may be agreed by the Board of Directors of the Company (hereinafter referred to as the “Board” which terms shall be deemed to include any committee duly constituted by the Board or any committee, which the Board may hereafter constitute, to exercise one or more of its powers, including the powers conferred by this resolution), the consent of the members be and is hereby accorded to the Board to offer and allot up to 3,59,04,748 (Three Crores Fifty Nine Lacs Four Thousand Seven Hundred and Forty Eight) Fully Convertible Warrants to be convertible at the option of Warrant holders in one or more tranches, within 18 (eighteen) months from its allotment date into equal number of fully paid up Equity Shares of face value of Rs.10/- (Rupees Ten only) each for cash at an issue price of Rs. 11/- (Rupees Eleven Only) per share or such other price as may be determined in accordance with the provisions of Chapter VII of SEBI (ICDR) Regulations or directions of the Stock Exchanges and to issue fresh Equity Shares on the conversion of the Warrants on such further terms and conditions as may be finalized by the Board of Directors, to the persons belonging to the Promoter as well as Non-Promoter Category.

**RESOLVED FURTHER THAT** the Relevant Date, as per the SEBI (ICDR) Regulations, 2009, as amended up to date, for the determination of issue price of the Equity Shares is 31st July, 2015 being the date which is 30 days prior to the date of this Extra-Ordinary General Meeting i.e. 1st September, 2015.

**RESOLVED FURTHER THAT** aforesaid issue of



Equity Shares shall be subject to the following terms & conditions:

- (a) The proposed allottee(s) of Warrants shall, on the date of allotment of warrants, pay an amount equivalent to at least 25% of the price fixed per Warrant in terms of the SEBI (ICDR) Regulations, 2009. The balance 75% of the Issue Price shall be payable on or before the conversion of said Warrants into Equity Shares, within a maximum permissible period of 18 months from the allotment thereof.
- (b) Warrants, being allotted to the persons belonging to Promoter and Non-Promoter Category and the Equity Shares proposed to be allotted pursuant to the conversion of these Warrants shall be under lock in for such period as may be prescribed by the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (c) Warrants so allotted under this resolution shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in provided under SEBI (ICDR) Regulations except to the extent and in the manner permitted there under.

**RESOLVED FURTHER THAT** the equity shares proposed to be so allotted upon conversion of Warrants shall rank pari passu in all respects including as to dividend, with the existing fully paid up equity shares of face value of Rs. 10/- each of the Company, subject to the relevant provisions contained in the Memorandum and Articles of Association of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, Mr. Dhiraj Kumar Jha, Company Secretary and/or Mr. Nikhil Nanda, Director of the Company be and are hereby severally/jointly authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or expedient including listing of shares with the Stock Exchanges, to resolve and settle any questions and difficulties that may arise in the proposed issue, offer and allotment of the said securities, utilization of issue proceeds, signing of all deeds and documents as may be required without being required to seek any further consent or approval of the shareholders.

**RESOLVED FURTHER THAT** the Board/Committee of the Board/person authorized by the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or to any Committee of Directors, including obtaining requisite consents from the allottees and filing of documents required for In Principle approvals etc and to give effect to this resolution."

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

**Nikhil Nanda**  
(Managing Director)  
DIN: 00051501

Place: New Delhi  
Date: 07th August, 2015

**NOTES:-**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the special businesses to be transacted at the Annual General Meeting is annexed hereto.
2. 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.
3. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members and holding in aggregate not more than 10 percent Share capital of the Company. Members holding more than 10 percent of the total Share capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other member. 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 organization.
4. The Register of Members and Share Transfer Register of the Company shall remain closed from Tuesday, 25th August, 2015 to Tuesday, 1st September, 2015 (both days inclusive).
5. The Notice of the AGM along with the Attendance slip and Proxy form is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice is being sent by the permitted mode. In view of the recent cases of bouncing of emails while sending notice of EGM dated 4th August, 2015, The company has decided to send the hard copy of the notice of AGM and Annual Report to such members in advance and simultaneously the same will be sent through emails. Such members are also requested to update their emails with our RTA.
6. Members may also note that the Notice of the AGM will be available on the Company's website, www.svendgaard.com. The Notice will also be available at the Company's registered office for inspection during normal business hours on working days. Members may write to us at cs@svendgaard.com if they have any queries or require communication in physical form in addition to electronic communication.
7. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of the AGM.
8. **Voting through electronic means**
  1. In compliance with provisions of Section 108 of the



- Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 29th August, 2015 (10:00 am) and ends on 31st August, 2015 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 25th August, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
- (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - (iii) Click on Shareholder – Login
  - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/ PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select "EVEN" of "Name of the company".
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [scrutinizer@svendgaard.com](mailto:scrutinizer@svendgaard.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

EVEN	USER ID/	PASSWORD/PIN
(Remote e-voting Event Number)		
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 25th August, 2015.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 25th August, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [cs@svendgaard.com](mailto:cs@svendgaard.com)/ [rta@alankit.com](mailto:rta@alankit.com).
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.





- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Mr. Ankit Garg, Chartered Accountant (Membership No. 515099) and Partner M/s. VSD & Associates, Chartered Accountants has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but

have not cast their votes by availing the remote e-voting facility.

- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.svendgaard.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

- Details of Directors who are 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	Vanamali Polavoram	Mukul Pathak	Vishal Sarad Shah
Date of Birth	24th September, 1946	13th January, 1967	14th August, 1970
Brief Resume	Mr. P. Vanamali, Non-Executive Director, (IAS Retired) aged 66 years, is a MA (English), MA (Political Science) MBA. He retired as Resident Commissioner, Government of West Bengal. He worked with the State Government of West Bengal and Government of India in various positions. He has administrative experience of over 30 years to his credit.	Mr. Pathak is MA in Economics and having an experience of over 20 years in teaching. Mr. Pathak possesses a wide ranging experience and knowledge of finance having been associated with the reputed institutions.	Mr. Vishal Sarad Shah, is a graduate with commerce from Narsee Monjee College of Commerce and Economics, Mumbai University and has done PGDM (Marketing) from S. P. Jain Institute of Management and Research. He is having a rich experience of more than has 20 years in the field of Sales and Marketing of consumer goods. He has held SBU and EBITDA responsibility as well as Regional Director duties across India and Global markets. He started his career in 1990 and worked for companies like Nestle India, Hindustan Unilever, Glaxo Smithkline Consumer, Dabur, Merisant PLC. He was extensively involved launch of "Dabur Red Toothpaste" which clocked a turnover of INR 100 Cr within 3 years of launch.
Date of Appointment	02nd February, 2007	02nd July, 2015	14th February, 2015





Expertise in specific Functional Area	Technical Administration	Guidance in Company Operations.	Guidance Related to Sales & Marketing of consumer goods.
<b>Qualifications</b>	IAS,MA (English),MA (Political Science),MBA	MA (Economics)	Graduate from Narsee Monjee College of Commerce and Economics, Mumbai University, PGDM (Marketing) from S. P. Jain Institute of Management and Research.
<b>Directorship held in other public Companies</b>	GTFS Multi Services Limited	N.A	N.A
<b>Membership/ chairmanship of other public companies</b>	Nil	NIL	Nil
<b>Shareholding in the Company</b>	Nil	Nil	Nil

#### EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

##### Item No. 4

As per section 149(4) of the Companies Act, 2013, every Listed Company is required to have at least 1/3rd of the total number of Directors as Independent Directors. The Company had already appointed Mr. Chhotu Ram Sharma and Mr. Amarjit Singh and Mr. P K Misra as Independent Directors.

However, with a view to increase the independence of the Board the management has decided to bring one more independent director on the Board of the Company. The Board of Directors after consideration has recommended to appoint Mr. Mukul Pathak, (DIN: 00051534) as an Independent Director within the meaning of section 149 and 152 of the Companies Act, 2013 read with Schedule IV and Rules made there under, not subject to retirement by rotation, for a term of 5 (five) consecutive years with effect from 02nd July, 2015 to 01st July, 2020.

The Company has received declarations from Mr. Mukul Pathak that he meets the criteria of independence as prescribed under section 149 (6) of the Companies Act, 2013 and also under clause 49 of the Listing Agreement with the stock exchanges. He has further confirmed that he is not disqualified from being appointed as Director under section 164 of the said Act. The Board of Directors are of the opinion that Mr. Mukul Pathak is a person of integrity and possess relevant expertise and experience and is eligible and fulfils the conditions specified by the Companies Act, 2013 for the position of an Independent Director. The Board considers that his association as Director will be beneficial to and in the interest of the Company.

A copy of respective draft letters of appointment of Mr. Mukul Pathak as Independent Director setting out the terms and conditions are available for inspection at the Registered Office of the Company during business working hours.

The Board of directors recommends the special resolutions for your approval. The said independent director is not related to any of the directors or key managerial personnel (including relatives of directors or key managerial personnel) of the Company in terms of Section 2(77) of the Companies Act, 2013. None of the Directors and key managerial personnel of the Company (including relatives of directors or key managerial personnel) other than the respective Independent Director himself, is concerned or interested, financially or otherwise, in these resolutions.

##### Item No.5

Mr. Vishal Sarad Shah, was appointed as an additional director of the Company w.e.f. 14th February, 2015. The Board recommends the confirmation of his appointment as a director of the Company who shall be liable to retire by rotation by passing the above resolution.

##### Item No. 6

#### I. Information about Mr. Vishal Sarad Shah

##### 1. Background details:

Mr. Vishal Sarad Shah, aged about 46 years, is a graduate with commerce from Narsee Monjee College of Commerce and Economics, Mumbai University and has done PGDM (Marketing) from S.P.Jain Institute of Management and Research.

He is having a rich experience of more than has 20 years in the field of Sales and Marketing of consumer goods. He has held SBU and EBITDA responsibility as well as



Regional Director duties across India and Global markets. He started his career in 1990 and worked for companies like Nestle India, Hindustan Unilever, Glaxo Smithkline Consumer, Dabur, Merisant PLC. He was very extensively involved launch of "Dabur Red Toothpaste" which clocked a turnover of INR 100 Cr within 3 years of launch.

## 2. Job Profile & his Sustainability

Mr. Vishal Sarad Shah is responsible for overall day to day management of the Company under the supervision and Control of the Managing Director of the Company. The Company has undergone various expansions projects, which require review of operations and decisions- making on day to day basis and the Company, would be benefited by his mature and expert advice.

## 3. Past Remuneration of the proposed Appointee

As on Date, Mr. Shah was not drawing any remuneration from the Company.

## 4. Remuneration Proposed

Keeping in view the current system of the Company, the remuneration would comprise of monthly salary of Rs. 50,000 (Fifty Thousand only). The Board however may, in its discretion, revise/modify any of the terms from time to time, within the specified limits as per the provision of Companies Act, 2013 and rules made thereunder

## 5. Comparative remuneration profile with respects to industry, size of the Company, profile of the position and person

The proposed remuneration would be commensurate with the size of the Company and nature of the industry.

The salary structure of the managerial remuneration personnel has undergone a major change in industry in the recent past. Keeping in view the type of the industry, size of the Company, the responsibilities and capabilities of Mr. Shah, the proposed remuneration is competitive with the remuneration paid by other companies to such similar positions.

The main terms and conditions relating to the appointment of Mr. Shah as the Whole Time Director (WTD), of the Company are as follows:

### 1. Period: From 14th February, 2015 to 13th February, 2020

### 2. Nature of Duties:

Mr. Shah as WTD shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board of Directors from time to time and separately communicated to him and such powers as may be assigned to him, subject to superintendence, control and directions of the Managing Director and the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/or joint venture companies and/or subsidiaries. This includes performing duties as assigned by the MD and Board from

time to time by serving on the boards of such associated companies and/or joint venture companies and/or subsidiaries or any other executive body or any committee of such a company for which he may be allowed to receive remuneration as may be determined by the Board of such associated companies and/or joint venture companies and/or subsidiaries, subject to compliance with the applicable provisions of the prevailing laws and regulations.

### A. Remuneration:

- a. Salary : Rs.50,000/- per month, with annual increments effective 1st April, each year, as may be decided by the Board, based on merit and taking into account the Company's performance for the year;
- b. Commission on net profit of the Company as may be determined by the Board from time to time;
- c. Bonus/performance linked incentive, and/or commission based on certain performance criteria laid down by the Board;
- d. Benefits, perquisites and allowances as will be determined by the Board from time to time.

### B. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of WTD, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary, benefits and perquisites and allowances, bonus/performance linked incentive as approved by the Board and to the extent permitted under the Act.

2. i. The WTD shall not become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.
- ii. The terms and conditions of his appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, irrespective of the limits stipulated under Schedule to the Act, or any amendments made hereinafter in this regard in such manner as may be agreed to between the Board and him, subject to such approvals as may be required.
- iii. The appointment may be terminated by either party by giving to the other party six months' notice of such termination or the Company paying six months' remuneration in lieu thereof.
- iv. The employment of the WTD may be terminated by the Company without notice or payment in lieu of notice:
  - a. If the WTD is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or joint venture company or associated company to which he is required by the Agreement to render services; or
  - b. In the event of any serious repeated or continuing breach (after prior warning) or non-observance by him of any of the stipulations contained in the agreement to be executed between the Company and him; or



- c. In the event the Board expresses its loss of confidence in him.
- v. Upon the termination by whatever means of the WTD's employment:
- He shall immediately cease to hold offices held by him in any subsidiary or Joint Venture Company or associated company and other entities without claim for compensation for loss of office.
  - He shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of its subsidiaries or joint venture companies or associated companies.
- vi. If and when the agreement expires or is terminated for any reason whatsoever, Mr. Shah will cease to be the WTD. If at any time he ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the WTD and the agreement shall forthwith terminate.
- vii. The terms and conditions of appointment of WTD also include clauses pertaining to adherence to the JHS Code of Conduct, intellectual property, non-competition, no conflict of interest with the Company and maintenance of confidentiality.

Mr. Shah is interested and concerned in the Resolutions mentioned at Item Nos 5 and 6. Other than Mr. Shah, no other Director, Key Managerial Personnel or their respective relatives are concerned or interested in the said Resolutions. The Consent of the members are sought on the above items as stipulated in the respective item Nos.

#### **Item No. 7**

Pursuant to section 204 of the Companies Act, 2013 every listed company is required to annex with its Board's Report, a secretarial audit report given by a practicing company secretary.

In view of the requirement of above section the Board recommends to appoint Ms. Mahima Suri of Mahima Suri & Associates to be appointed as the secretarial Auditors of the Company for the financial year ending 31st March, 2016.

#### **Item No. 8**

Enhancement of Authorised Share Capital and Alteration of Capital Clause contained in the Memorandum of Association:

In order to enable the Company to raise additional long-term finance by issue of warrants/equity shares, the existing Authorised Share Capital may not be sufficient for the purpose. It is, therefore, considered necessary to increase the Authorised Share Capital of the Company to the extent mentioned in item No.1 of the Notice, with

the consequential alterations in the Capital Clauses of the Memorandum of Association.

The provisions of the Companies Act, 2013 require the Company to seek the approval of the Members for increase in the Authorised Share Capital and for the alteration of Capital Clause of the Memorandum of Association and accordingly the Board recommend the relevant resolution for the approval of the Members.

None of the Directors of the Company or key managerial personnel or their relatives is, in any way, concerned or interested in the resolution.

#### **Item No. 9**

##### **Issuance of Warrants on Preferential Basis:**

The Board of Directors, in their meeting held on July 28, 2015, have considered the proposal to make Preferential Allotment to the extent of 3,59,04,748 (Three Crores Fifty Nine Lacs Four Thousand Seven Hundred and Forty Eight) Fully Convertible Warrants of Rs. 10/- each at an issue price of Rs. 11/- per share computed in accordance with the SEBI (ICDR) Regulations, to the persons presently belonging to Promoter as well as Non-Promoter Category.

Therefore, in compliance with the provisions of applicable laws, the proposed Resolution as set out at Item No.2 is recommended for the approval of Shareholders as a Special Resolution. Further, in terms of Regulation 73 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the following disclosures are needed to be made in the Explanatory Statement to the Notice of the General Meeting:

##### **A. Object of the Issue:**

The objective of the proposed preferential allotment is to augment funds to meet the long term working capital requirements of the business.

##### **B. Intention of the Promoters, directors or key managerial personnel:**

None of the directors or Key Managerial Persons, except Mr. Nikhil Nanda, Managing Director cum Promoter and Ms. Sushma Nanda, Promoter have shown their interest to subscribe to shares pursuant to this preferential issue of warrants.

##### **C. Shareholding Pattern of the Company before & after the Issue:**

The shareholding pattern of the Company before issuance of Warrants and after conversion of the said Warrants is outlined as under:





Name of shareholders	Pre issue shareholding		warrants allotted	Post allotment of warrants (post conversion of warrants)#	
	No of Shares held	% of Shares		No of Shares held	% of Shares
<b>(A) Promoters' Shareholding</b> Promoter & Promoter Group					
(1) Indian	-	-	-	-	-
(a) Individuals /HUF	9047988	37.55	17850000	26897988	44.83
(b) Central Govt. /State Govt.	-	-	-	-	-
(c) Bodies Corporate	0	-	0	0	0.00
(d) Financial Institutions /Banks	-	-	-	-	0
<b>Sub Total (A)(1)</b>	<b>9047988</b>	<b>37.55</b>	<b>17850000</b>	<b>26897988</b>	<b>44.83</b>
(2) Foreign					
(a) Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-
(b) Bodies Corporate	-	-	-	-	-
(c) Institutions	-	-	-	-	-
<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total shareholding of Promoter & Promoter					
<b>Group (A) = (A)(1) + (A)(2)</b>	<b>9047988</b>	<b>37.55</b>	<b>17850000</b>	<b>26897988</b>	<b>44.83</b>
(B) Non Promoters' Shareholding					
Institutional Investors	3549999	14.73	0	3549999	5.92
Non-Institutions:					
(a) Bodies Corporate	2225645	9.24	1000000	3225645	5.38
(b) (i) Individual holding nominal share capital up to Rs. 1Lacs	5106202	21.19	-	510620	8.51
(ii) Individual holding nominal share capital in excess of Rs 1 Lacs	3842590	15.95	14054748	17897338	29.83
(c) Any Other –					
(i) Non Resident Indians /Foreign Individuals	179239	0.74	-	179239	0.30
(ii) Others	143589	0.60	3000000	3143589	5.24
<b>Total Public Shareholding (B)</b>	<b>15047264</b>	<b>62.45</b>	<b>18054748</b>	<b>33102012</b>	<b>55.17</b>
<b>TOTAL (A+B)</b>	<b>24095252</b>	<b>100.00</b>	<b>35904748</b>	<b>60000000</b>	<b>100.00</b>

# The Post Shareholding structure is presuming full conversion of all the warrants issued; and it may vary depending upon any other corporate action in between.



**D. Proposed time within which allotment shall be completed:**

In terms of Regulation 74(1) of the ICDR Regulations, preferential allotment pursuant to the special resolution will be completed within a period of fifteen days from the date of passing of such resolution.

Provided that where the allotment is pending on account of pendency of any application for approval or permission by any Regulatory Authority, if applicable, the allotment would be completed within 15 days from the date of such approval.

**E. Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them:**

Sl. No.	Name of Proposed Allottees	Category	If allottee is not a natural person, identity of the natural person who are the ultimate beneficial owner of the shares proposed to be issued, if applicable	Pre-preferential Holding	Pre Issue %age	No. of Convertible Warrants to be issued	Post Issue Shareholding	Post Issue %age
1	Nikhil Nanda	Promoter	-	8810774	36.57	15000000	23810774	39.68
2	Sushma Nanda	Promoter	-	215983	0.90	2850000	3065983	5.11
3	Mohit Burman	Non- Promoter	-	0	-	100000	100000	0.17
4	Surinder Kaur	Non- Promoter	-	0	-	1350000	1350000	2.25
5	Chaitali Vora	Non- Promoter	-	0	-	3500000	3500000	5.83
6	Sixth Sense India Opportunities - I	Non- Promoter	Since it is registered an Alternate Investment Fund. Accordingly, it is not required to disclose the details of Ultimate Beneficiary Owner, if none of the investor has not made investment over 25% of the total corpus of the fund in terms of SEBI circular dated September 12, 2013.	0	-	3000000	3000000	5.00
7	Ajay Sarupria	Non- Promoter	-	0	-	400000	400000	0.67
8	Nirav Mehta	Non- Promoter	-	0	-	200000	200000	0.33
9	Poonam Munshi	Non- Promoter	-	0	-	100000	100000	0.17
10	Manish Vora	Non- Promoter	-	0	-	80000	80000	0.13
11	Nehal Vora	Non- Promoter	-	0	-	80000	80000	0.13
12	Rupa Sheth	Non- Promoter	-	0	-	80000	80000	0.13
13	Gaurav Sheth	Non- Promoter	-	0	-	80000	80000	0.13
14	Madhu Nangalia	Non- Promoter	-	0	-	80000	80000	0.13
15	Meenu Puri	Non- Promoter	-	0	-	300000	300000	0.50
16	Ashish Goel	Non- Promoter	-	0	-	125000	125000	0.21
17	Paramvir Singh	Non- Promoter	-	10	0.00	125000	125010	0.21
18	Zaki Uddin Ansari	Non- Promoter	-	0	-	100000	100000	0.17
19	Gopal Krishana Rawat	Non- Promoter	-	0	-	50000	50000	0.08
20	Sujata Dhoke	Non- Promoter	-	0	-	100000	100000	0.17
21	Karan Vinay Mittal	Non- Promoter	-	0	-	300000	300000	0.50
22	Amit Saxena	Non- Promoter	-	0	-	2000000	2000000	3.33
23	Dinesh Chandra Saxena	Non- Promoter	-	0	-	500000	500000	0.83
24	Vishal Sarad Shah	Non- Promoter	-	0	-	100000	100000	0.17
25	Yadur Kapoor	Non- Promoter	-	0	-	100000	100000	0.17
26	Arvind Rajnish Vohra	Non- Promoter	-	0	-	100000	100000	0.17
27	Deepak Singh	Non- Promoter	-	0	-	1000000	1000000	1.67
28	Siddharth Misra	Non- Promoter	-	50000	0.21	200000	250000	0.42



29	GRK Associates (P) LTD.	Non- Promoter	1.Arvind Kumar	0	-	700000	700000	1.17
			2.Binod Kumar Chanchal					
30	Chhabilal Prasad	Non- Promoter	-	17927	0.07	44748	62675	0.10
31	Manju Singh	Non- Promoter	-	0	-	30000	30000	0.05
32	Neeraj Kumar	Non- Promoter	-	2590	0.01	50000	52590	0.09
33	Rajbir Singh	Non- Promoter	-	0	-	30000	30000	0.05
34	Vijay Mohan Govila	Non- Promoter	-	0	-	2500000	2500000	4.17
35	Nectar Consultants and Realtors Private Limited	Non- Promoter	1. BhagirathUpadhyaya;		-	300000	300000	0.50
			2. RishikeshUpadhy aya;					
36	Rajendra Kumar Gupta	Non- Promoter	-	0	-	100000	100000	0.17
37	Jaya Malviya	Non- Promoter	-	0	-	100000	100000	0.17
38	Tarunvir Kehr	Non- Promoter	-	0	-	50000	50000	0.08
Total			-	9097284	37.76	35904748	45002032	75.00

# The Post Shareholding structure is presuming full conversion of all the warrants issued; and it may vary depending upon any other corporate action in between.

**F. Consequential changes in the Voting Rights & Change in Management:**

Voting rights will change in tandem with the shareholding pattern. However, there shall not be any change in the management control of the Company.

**G. Issue Price and Relevant Date:**

The "relevant date" as per Chapter VII of the SEBI (ICDR) Regulations, for the determination of applicable price for issue and allotment of the Equity Shares is July 31, 2015, i.e. 30 days prior to the date of the General Meeting.

The Equity Shares will be allotted in accordance with the price determined in terms of Regulation 76 of the SEBI (ICDR) Regulations, 2009.

The shares of the Company are listed only on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) and are frequently traded share thereat during the twelve calendar months preceding the relevant date.

Accordingly, in compliance with the provisions of Regulations 76, the issue price of Rs. 10.73/- per Equity Share which is less than proposed issue price of Rs. 11/- per Equity Share is determined for the proposed allotment to the Promoter as well as Non-Promoter Category.

**H. Re-computation of Issue Price:**

As the company is listed at NSE & BSE for a period of more than 6 months, therefore the Company need not to re-compute the price of the equity shares in terms of Regulation 76(3) of the SEBI (ICDR) Regulations, 2009.

Accordingly, the requirement to furnish undertakings under Regulation 73(1) (f) and (g) of the SEBI (ICDR) Regulations is not applicable.

**I. Auditor's Certificate:**

The certificate from S. N. Dhawan & Co., Chartered Accountants, being the Statutory Auditors of the Company certifying that the preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations, 2009 shall be available for inspection at the registered office of the company upto the date of declaration of results and shall also be placed at the Extra Ordinary General Meeting.

The Board of Directors recommends the resolution for approval of the shareholders as a Special Resolution.

Except Mr. Nikhil Nanda, Managing Director cum Promoter and Ms. Sushma Nanda being the Promoter of the Company, none other Directors on the Board, or the key managerial personnel of the Company nor their relatives are in anyway interested or concerned in the said resolution except to the extent mentioned hereinabove.

By Order of the Board  
For **JHS Svendgaard Laboratories Ltd**

**Nikhil Nanda**  
Managing Director  
DIN: 00051501

Date: 07th August, 2015  
Place: New Delhi





## Directors' Report

To

The Members

Your Directors have pleasure in presenting the 11th Annual Report on the business and operation of the Company together with the audited accounts for the financial year ended 31st March, 2015.

### Financial Review

Particulars	Standalone		Consolidated	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Net sales / Income from Operation	5532.39	3527.96	5532.39	3527.96
Other Income	85.89	380.84	87.14	380.84
Interest & Finance Charges	14.08	1406.99	14.08	1407.03
Depreciation	1234.63	1469.91	1235.56	1470.57
Profit /(Loss ) before Tax	-2209.49	-3528.35	-2213.26	-3529.74
Provision for Tax	4.42	-648.77	4.42	-648.77
Profit /(Loss ) after Tax	-2213.92	-2879.58	-2217.68	-2880.97
Profit /(Loss ) to be carried to the Balance Sheet	-2213.92	-2879.58	-2217.68	-2880.97
Paid up Equity Share Capital ( Face Value of rs. 10/- each )	2409.53	2409.53	2409.53	2409.53
Reserve excluding revaluation reserve	7774.02	2076.12	9550.38	3781.86
Basic EPS ( in Rupees not annualized ) Excluding extra ordinary items	-9.19	-11.95	-9.19	-11.95
Diluted EPS ( in Rupees not annualized) Excluding extra ordinary items	-9.19	-11.95	-9.19	-11.95

### Review of Operations

The Turnover from the operation of the company during the financial year ended 31st March 2015 amounted to Rs. 553 Million as compared to Rs. 353 Million during the previous year ended 31.03.2014. The Turnover of the company has increased by 56.82% from the previous year mainly on accounts of the Tooth paste Business of the contract manufacturing as well as company's own brand.

Company has entered One Time Settlement with its lender banks for the outstanding dues & now the company has become debt free & all the charges created on the company's assets by banks has now been released and also the proceedings on the company in Debt Recovery tribunal has been withdrawn.

### Dividend

The Directors hereby inform that in the financial year 2014-15, the Board of Directors has not recommended any dividend due to the acute financial distress faced by the Company.

### Subsidiary Company

The Company has 3 subsidiaries as on March 31, 2015. There are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

Pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the

Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

Pursuant to the provisions of section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

### Directors and Key Managerial Personnel

Mr. D S Grewal, Chairman, stepped down from the Board of the Company on 14th February, 2015. He was associated with the Company since its incorporation. Under his leadership as Chairman the Company was transformed into one of the India's largest oral care products manufacturer. The Board places on record its appreciation of the invaluable contribution and guidance provided by him.

Pursuant to the provisions of Section 149 of the Act which, came into effect from April 1, 2014

Mr. C R Sharma and Mr. Amarjit Singh were appointed as independent directors at the annual general meeting of the Company held on December 29, 2014. Mr. P K Misra was appointed as an Independent Director with effect from March, 25, 2015 in the general meeting held through postal ballot. The terms and conditions of appointment of independent directors are as per Schedule IV of the Act. They have submitted a declaration that each of them meets the criteria of independence



as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Mr. Vanamali Polavaram was appointed as the Non Executive Director at the annual general meeting of the Company held on December 29, 2014. He was further appointed as the chairman of the Company in the Board meeting held on February 14, 2015.

Mrs. Kalyani Polavaram was appointed as the women Director of the Company at the annual general meeting of the Company held on December 29, 2014

As part of leadership development, Mr. Vishal Sarad Shah was appointed as Additional Director with effect from February 14, 2015. His appointment is to be confirmed by the members in the ensuing Annual General Meeting

The term of Mr. Nikhil Nanda as the Managing Director of the Company expired on 17th April, 2015. The Board of Directors of the Company has appointed him as the managing Director of the Company in the board meeting held on July 02, 2015. However his appointment is subject to the approval of the members of the Company in the extra ordinary general meeting scheduled to be held on August 4, 2015.

Mr. Mukul Pathak was appointed as an Additional Director, w.e.f 14.02.2015. His appointment as independent director is proposed to be confirmed by the members in the ensuing Annual General Meeting.

Mr. Vanamali Polavaram, Non- Executive Director retires by rotation and being eligible has offered himself for re-appointment.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

Ms. Isha Sablok resigned from the post of Company Secretary & Compliance Officer of the Company with effect from April 13, 2015 and Mr. Dhiraj Kumar Jha was appointed as the Company Secretary & Compliance Officer with effect from the same date.

#### **Number of Meetings of the Board**

There were Five Board Meetings held during the Financial Year 2014-15. Detail of the same forms part of the Corporate Governance Report.

#### **Declaration of Independence by Directors**

Declaration given by Independent Directors meeting the criteria of Independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 is received and taken on record.

#### **Directors Responsibility Statement**

Pursuant to Section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they have 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;

- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2014-15.

Performance Evaluation of the Board, its Committees and Individual Directors

The board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India ("SEBI") under Clause 49 of the Listing Agreements ("Clause 49").

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive



directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

#### **Policy on Directors' Appointment and Remuneration**

Considering the requirement of skill set on the Board, eminent people having an independent standing in their respective field/profession and who can effectively contribute to Company's business and Policy decisions are considered by Nomination and Remuneration Committee for appointment as an Independent Director on the Board. The Committee considers ethical standards of integrity, qualification, expertise and experience of the person for appointment as Director and is not disqualified under Companies Act, 2013 and rules made thereunder and accordingly recommend to the Board his/her appointment.

Remuneration to Whole-Time Director is governed under the relevant provisions of Companies Act, 2013 and rules made thereunder. Independent/ Non-Executive Directors are paid sitting fees for attending the meetings of the Board/Committees thereof. The Company's policy on Directors remuneration is given in Corporate Governance Report which forms part of this Annual Report. The Board considers the Nomination and Remuneration Committee's recommendation and takes appropriate decision.

#### **Internal financial control systems and their adequacy**

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

#### **Disclosure on Audit Committee**

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

#### **Auditors' report and secretarial auditors' report**

The Auditors, M/s S. N Dhawan & Co., Chartered Accountants, (FRN: 000050N) have been appointed as Statutory Auditors of the Company by the Board of directors on 05th May, 2015 subsequent to the casual vacancy occurred in the office pursuant to resignation of M/s Haribhakti & Co. LLP, and subject to the approval of members of the Company in the general meeting fixed to be held on 4th August, 2015. Their appointment if approved by the members of the Company will be valid till the conclusion of the ensuing Annual General Meeting.

The Company has received confirmation from M/s S. N. Dhawan & Co., Chartered Accountants to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

#### **Auditors' Report and Secretarial Auditors' Report**

The Auditors, M/s S. N Dhawan & Co., Chartered Accountants, have been appointed as Statutory Auditors of the Company by the Board of directors on 05th May, 2015 subsequent to the casual vacancy occurred in the office pursuant to resignation of M/s Haribhakti & Co. LLP, and subject to the approval of members of the Company in the general meeting fixed to be

held on 4th August, 2015. Their appointment if approved by the members of the Company will be valid till the conclusion of the ensuing Annual General Meeting.

The Company has received confirmation from M/s S. N Dhawan & Co., Chartered Accountants to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

#### **Auditor's Qualification and Managements Representation**

i) The Holding Company has entered into "One Time Settlement" (OTS) of dues with its lender banks. As a result, the lenders have agreed to waive the principal amount on term loan facilities amounting to Rs. 30,82,89,217 and such amount is credited to Capital Reserve which is not in accordance with the Accounting Standard (AS) 5 on "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies". Further, the said treatment is not in line with the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India on accounting treatment of waiver of loan.

Had the said waiver of principal amount of loan been credited to the Statement of Profit and Loss instead of the credit in Capital Reserve Account, the loss for the year amounting to Rs. 22,17,68,216 would result in profit of Rs. 8,65,21,001 and balance in the Statement of Profit & Loss under the head 'Reserves & Surplus' would have been surplus of Rs. 5,71,90,166 instead of deficit of Rs. 25,10,99,051 as stated.

**The amount attributed towards the waiver of term loan which was earlier used by the company for procuring various capital assets, hence was in the nature of capital receipt, which has also been affirmed in various judicial pronouncements, thus relying on the same and with a view to present the true & fair view of the financial statement such waiver amount has been directly credited to the capital reserve a/c.**

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

**One of the major customers of the Company has wrongfully decided not to renew / terminate the contracts across all the business segments due to which certain assets got idle. However, in order to safeguard the interest of the shareholders, the Company has been pursuing litigation**



and has sought specific performance of the contract as well against these arbitrary and unjust acts of the multinational company. Hence, as the matter is sub-judice the management cannot even consider the impairment as that would impact upon the litigation. However, the Company is rapidly growing its tooth brush and tooth paste business and has also entered into a contract with a big customer in the FMCG market and is also adding product categories to its own brand.

Report of the secretarial auditor is given as an annexure which forms part of this report.

#### Particulars of loans, guarantees and investments

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

#### Contracts/Arrangements with Related Parties

All the related party transactions are done on Arm's length basis. The Company presents a Statement of all related party transactions before the Audit Committee on a quarterly basis specifying the nature, value and terms and conditions of transaction. Transactions with related parties are conducted in a transparent manner with the interest of the Company as utmost priority. Details of such transactions are given in the accompanying Financial Statements. The Company's policy on Related Party Transactions is available at our website [www.svendgaard.com](http://www.svendgaard.com).

#### Risk Management

The Board of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing

the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Company has robust systems for Risk Assessment and mitigation which is reviewed periodically. The Company's risk identification and assessment process is dynamic and hence it has been able to identify, monitor and mitigate the most relevant strategic and operational risks, both during periods of accelerated growth and recessionary pressures.

#### Extract of Annual Return

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure III in the prescribed Form MGT-9, which forms part of this report.

#### Corporate Social Responsibility

The Provision of CSR as required by the Companies Act 2013 is not applicable to the company, as the company does not meet the basic criteria of the applicability of the relevant provision. However, the Company is committed to operate and grow in a socially responsible way. With Safety, health and environment protection high on its corporate agenda, JHS is committed to conduct business with a strong environment conscience, so as to ensure sustainable development, safe work places and enrichment of life of employees, clients and the community.

#### Particulars of employees

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

Relevant Clause u/r 5(1)	Prescribed Requirement	Particulars
(i)	Ratio of the remuneration of each director to the Median Remuneration to the employees of the company for the financial year	Ratio of the remuneration of Mr. Nikhil Nanda, Managing Director to the median remuneration of employees - 7:1. (Refer note 1)
(ii)	The percentage increase in remuneration of each director, CFO, CEO, Company Secretary or Manager, if any, in the financial year.	There is no increase in remuneration of any director, CFO, CEO, Company Secretary in the financial year.
(iii)	Percentage increase in median remuneration of employees in the financial year	-0.87%
(iv)	Number of permanent employee on the rolls of the company.	195 Employees
(v)	Explanation on the relationship between average increase in remuneration and company performance.	Average increase in remuneration - 0.87% Average increase in Profit before Tax - N.A* * Company has incurred losses in current and preceding financial year.



(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.	KMP	Remuneration	Company Performance (PBT) Rs. Lacs
		Mr. Nikhil Nanda Managing Director (Refer note 1)	10	-2209.49
		Neeraj Kumar Chief Financial Officer	6.5	-2209.49
		Isha Sablok Company Secretary	3.22	-2209.49
		Paramvir Singh Chief Executive Officer	14.88	-2209.49
(vii)	Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	<p>Variations in market capitalisation.</p> <p>-Market Capitalisation as at 31.03.2014: 1457.76 lacs.</p> <p>-Market Capitalisation as at 31.03.2015: 1963.76 lacs.</p> <p>Variations in the PE Ratio</p> <p>PE Ratio as at 31.03.2014: Not Applicable</p> <p>PE Ratio as at 31.03.2015: Not Applicable</p> <p>6.116 times decrease in the market quotation in comparison to the rate at which the company came out with IPO.</p>		
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	There is no increase in the remuneration of the Managerial personnel as compared to the salary increase of the employees salary in the last year in view of financial position of the company.		
(ix)	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	Covered in sub clause VI above.		
(x)	The key parameters for any variable component of remuneration availed by the directors	Financial and Operating performance of the company		
(xi)	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	None of the employee is receiving remuneration more than the director remuneration.		
(xii)	Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration is as per the Nomination and Remuneration Policy for the Directors, KMP and other employees of the company, formulated pursuant to provisions of section 178 of the Companies Act, 2013		

Note:1 The remuneration of Managing Director has been provided till 31st August 2014 and for the remaining period Managing Director has given his consent to waive off the same keeping in view the financial position of the company



#### Internal Auditor

In compliance with the provisions of Section 138 of the Companies Act, 2013 M/s VSD & Associates were appointed as Internal Auditors for the Financial Year 2014-15 to conduct the internal audit of the functions and activities of the Company. They have submitted their Report to the Chairman of the Audit Committee and this was further reviewed by the Management and taken on record.

#### Disclosure Requirements

As per Clause 49 of the listing agreements entered into with the stock exchanges, corporate governance report with practicing Company Secretary certificate thereon and management discussion and analysis are attached, which form part of this report.

As per Clause 55 of the listing agreements entered into with the stock exchanges, a business responsibility report is attached and forms part of this annual report.

Details of the familiarization programme of the independent directors are available on the website of the Company ([www.svendgaard.com](http://www.svendgaard.com)).

Policy for determining material subsidiaries of the Company is available on the website of the Company ([www.svendgaard.com](http://www.svendgaard.com)).

Policy on dealing with related party transactions is available on the website of the Company

([www.svendgaard.com](http://www.svendgaard.com)).

The Company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees including directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) of the Act and the revised Clause 49 of the Listing Agreements with stock exchanges ([www.svendgaard.com](http://www.svendgaard.com)).

#### Particulars of loans, guarantees and investments

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

#### Deposits from Public

The Company has not accepted any deposits during the year under report nor did any deposits remain unpaid or unclaimed at the end of the year.

#### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Please refer Annexure B

#### Foreign exchange earnings and outgo

Particulars	2014-15	2013-14
Foreign Exchange Outgo		
Travelling	175,827.00	152,028.00
Raw Materials	13,690,273.00	601,962.00
Capital Goods	-	359,450.00
Foreign Exchange Earning		
Earning in Foreign Exchange	-	-

#### Material Changes and Commitments

During the year ended 31.03.2015 Company has entered in to One Time Settlement (OTS) of dues with its lender banks to clear all the outstanding loans and interest thereon. As per the terms of the OTS the company was required to pay 23.50 Crores as the OTS amount before 30.06.2015.

As on the date of the signing of the result the company has made the entire payments as per the terms of the OTS agreed with the banks & consequently the banks has also issued no dues certificates to the company, consequently the bank has released the charges on the assets of the company and withdrawn the proceedings from the debt recovery tribunal.

#### Acknowledgements

Your Directors place on record their gratitude and express their earnest appreciation for the valuable efforts of every employee of the organization without which the Company would not have been able to undertake the challenging targets in all areas of operations. We are fortunate to have such a team whose endeavors have laid a strong foundation for the success of the organization as a whole. Your Directors acknowledge the exemplary contribution made by the employees of the Company.

The Directors value the trust shown by the shareholders in their ability to manage the Company. We expect that with the ongoing encouragement and support of our shareholders, we shall be successful in achieving the desired objectives in the near future.

By and on behalf of the Board

**Nikhil Nanda**  
Managing Director  
DIN: 00051501



## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2014

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### I REGISTRATION & OTHER DETAILS:

i	CIN	L24230HP2004PLC027558
ii	Registration Date	08th October, 2004
iii	Name of the Company	JHS Svendgaard Laboratories Limited
iv	Category/Sub-category of the Company	Company Limited by Shares/Indian No-Government Company
v	"Address of the Registered office & contact details"	Trilokpur Road, Kheri (Kala-Amb), Tehsil: Nahan, Distt: Sirmaur, Himachal Pradesh - 173 030
vi	Whether listed company	Listed
vii	Name, Address & contact details of the Registrar	Alankit Assignments Limited, 205-208, & Transfer Agent, if any. Anarkali Complex, Jhandewalan Extension New Delhi-110055

#### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	"NIC Code of the Product /service"	"% to total turnover
1	Manufacturing of Oral Care Products	3050	98.42

#### III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	"HOLDING/ SUBSIDIARY/ ASSOCIATE"	"% OF SHARES HELD"	"APPLICABLE SECTION"
1	JHS Svendgaard Dental Care Ltd.	U85110DL2008PLC176320	Subsidiary	95%	2(87)(ii)
2	JHS Svendgaard Mechanical and Warehouse Private Limited	U29199DL2007PTC159125	Subsidiary	100%	2(87)(ii)
3	Jones H Smith, FZE	RAKFTZA-FZE-3706	Subsidiary	100%	2(87)(ii)





Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year			% change during the year		
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoters</b>										
(1) Indian										
a) Individual/HUF	9524060	0	9524060	39.53	9047988	0	9047988	37.55	476072	1.98
"b) Central Govt.or State Govt."	0	0	0	0.00	0	0	0	0.00	0	0.00
c) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0	0.00
<b>SUB TOTAL:(A) (1)</b>	<b>9524060</b>	<b>0</b>	<b>9524060</b>	<b>39.53</b>	<b>9047988</b>	<b>0</b>	<b>9047988</b>	<b>37.55</b>	<b>476072</b>	<b>1.98</b>
(2) Foreign										
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0	0.00
e) Any other...	0	0	0	0.00	0	0	0	0.00	0	0.00
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>*Total Shareholding of Promoter (A)= (A)(1)+(A)(2)*</b>	<b>9524060</b>	<b>0</b>	<b>9524060</b>	<b>39.53</b>	<b>9047988</b>	<b>0</b>	<b>9047988</b>	<b>37.55</b>	<b>476072</b>	<b>1.98</b>
<b>B. PUBLIC SHAREHOLDING</b>										
(1) Institutions										
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0	0.00
b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0	0.00
C) Cenrral govt	0	0	0	0.00	0	0	0	0.00	0	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0	0.00
g) FIIS	193589	0	193589	0.80	50000	0	50000	0.21	143589	0.60
"h) Foreign Capital Funds"	3499999	0	3499999	14.53	3499999	0	3499999	14.53	0	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0	0.00
<b>SUB TOTAL (B)(1):</b>	<b>3693588</b>	<b>0</b>	<b>3693588</b>	<b>15.33</b>	<b>3549999</b>	<b>0</b>	<b>3549999</b>	<b>14.73</b>	<b>143589</b>	<b>0.60</b>
(2) Non Institutions										
a) Bodies corporates	1232010	0	1232010	5.11	2225645	0	2225645	9.24	-993635	-4.12
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	5012310	6606	5018916	20.83	5099596	6606	5106202	21.19	-87286	-0.36
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	4280185	10001	4290186	17.81	3832589	10001	3842590	15.95	447596	1.86
c) Others (specify)										
Clearing Member	96620	0	96620	0.40	0	0	0	0.00	96620	0.40
NRI	234372	0	234372	0.97	178239	0	178239	0.74	56133	0.23
Foreign Nationals	0	0	0	0.00	1000	0	1000	0.00	-1000	0.00
Foreign Companies	0	0	0	0.00	0	0	0	0	0	0.00
Trusts Foreign	5500	0	5500	0.02	0	0	0	0	5500	0.02
portfolio Investors (Corporate Category II)	0	0	0	0.00	143589	0	143589	0.595922383	-143589	-0.60
<b>SUB TOTAL (B)(2):</b>	<b>10860997</b>	<b>16607</b>	<b>10877604</b>	<b>45.14</b>	<b>11480658</b>	<b>16607</b>	<b>11497265</b>	<b>47.72</b>	<b>-619661</b>	<b>-2.57</b>
<b>*Total Public Shareholding (B)= (B)(1)+(B)(2)*</b>	<b>14554585</b>	<b>16607</b>	<b>14571192</b>	<b>60.47</b>	<b>15030657</b>	<b>16607</b>	<b>15047264</b>	<b>62.45</b>	<b>-476072</b>	<b>-1.98</b>
<b>*C. Shares held by Custodian for GDRs &amp; ADRs*</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>24078645</b>	<b>16607</b>	<b>24095252</b>	<b>100.00</b>	<b>24078645</b>	<b>16607</b>	<b>24095252</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>

Note : due to the change in the category of assets as per schedule II of companies act 2013 the previous years figures have been reclassified wherever applicable.

\* Refer Note no. 36(ii)

**(ii) SHARE HOLDING OF PROMOTERS**

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year		% change in share holding during the year	
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to	
1	Nikhil Nanda	8810774	36.57	53.39	8810774	36.57	0	0.00
2	Harish Chander Nanda	19731	0.08	0	19731	0.08	0	0.00
3	Sushma Nanda	677478	2.81	19.27	215983	0.90	0	1.92
4	D S Grewal	1500	0.01	0	1500	0.01	0	0.00
5	Gopal Krishna Nanda	14577	0.06	0				
	Total	9524060	39.53	72.66	9047988	37.55	0	1.92

\*Mr. Gopal Krishna Nanda is not associated with promoter Group. However he was included in the list and shown in the shareholding pattern due to inadvertent mistakes.

Sl. No.	Share holding at the beginning of the Year	Cumulative Share holding during the year			
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	Sushma Nanda At the beginning of the year	677478	2.81	677478	2.81
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus /sweat equity etc)	Sell			
	11/13/2014	23850	0.10	653628	2.71
	11/14/2014	126150	0.52	527478	2.19
	11/20/2014	60615	0.25	466863	1.94
	11/21/2014	10000	0.04	456863	1.90
	11/24/2014	40880	0.17	415983	1.73
	12/5/2014	200000	0.83	215983	0.90
	At the end of the year	215983	0.90	215983	0.90



**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding at Shareholding at the end of the year 31st March, 2015	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	NIKHIL NANDA	8810774	36.57	8810774	36.57
2	TANO MAURITIUS INDIA FVCI	3499999	14.53	3499999	14.53
3	SUSHMA NANDA	677478	2.81	215983	0.90
4	DINESH CHAND SAXENA	591606	2.46	0	
5	SUNIL SEHGAL	339000	1.41	339000	1.41
6	AMIT MATHEW	281781	1.17	281781	1.17
7	AMIT SAXENA	268912	1.12	0	0
8	CRIMSON FINANCIAL SERVICES LTD	266765	1.11	0	0
9	MANISH RUPAREL	209199	0.87	209199	0.87
10	RAHUL DHRUV	200000	0.83	0	0

**(v) Shareholding of Directors & KMP**

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
	<b>Nikhil Nanda (Managing Director)</b>				
	At the beginning of the year	8810774	36.57		
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) No Change	No Change			
	At the end of the year	8810774	36.57	8810774	36.57
	<b>D S Grewal* (Director)</b>				
	At the beginning of the year	1500	0.01		
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus /sweat equity etc) No Change	No Change	No Change		
	At the end of the year	1500	0.01	1500	0.01
	<b>*Mr. D s Grewal Has Resigned from the Board of the Directors of the Company w.e.f: 14th February, 2015</b>				
	<b>Neeraj Kumar (CFO)</b>				
	At the beginning of the year	0	0.00	0	0
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)				
	At the end of the year	2590	0.01	2590	0.01



<b>Paramvir Singh (CEO)</b>				
At the beginning of the year	0	0	0	0
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change	No Change		
At the end of the year	10	0.00	10	0.00
<b>Isha Sablok* (Company Secretary)</b>				
At the beginning of the year	0	0	0	0
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change	No Change		
At the end of the year	0	0.00	0	0.00

\* Ms. Isha Sablok, Company Secretary of the Company has resigned from the post w.e.f 13th April, 2015

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	845593781	136949192	0	982542973
ii) Interest due but not paid	156921159	0		156921159
iii) Interest accrued but not due	4183346	0		4183346
<b>Total (i+ii+iii)</b>	<b>1006698286</b>	<b>136949192</b>	<b>0</b>	<b>1143647478</b>
<b>Change in Indebtedness during the financial year</b>				
<b>Additions</b>				
Reduction	863069238	47684333	0	863069238
Net Change	863069238	-47684333	0	815384905
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	143609162	184633525	0	328242687
ii) Interest due but not paid			0	
iii) Interest accrued but not due	19886			19886
<b>Total (i+ii+iii)</b>	<b>143629048</b>	<b>184633525</b>	<b>0</b>	<b>328262573</b>



**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole time director and/or Manager:**

Sl.No	Particulars of Remuneration	Name of the MD/ WTD/Manager					Total Amount
1	<b>Gross salary</b>	Nikhil Nanda					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	1,000,000.00*					1,000,000.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-	-	-	
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	
2	Stock option	-	-	-	-	-	
3	Sweat Equity	-	-	-	-	-	
4	Commission as % of profit others (specify)	-	-	-	-	-	
5	Others, please specify	-	-	-	-	-	
	<b>Total (A)</b>	<b>1,000,000.00</b>					<b>1,000,000.00</b>

**Ceiling as per the Act**

\* The remuneration of Managing Director has been provided till 31st August 2014 and for the remaining period Managing Director has given his consent to waive off the same keeping in view the financial position of the company

**B. Remuneration to other directors:**

S. No.	Particulars of Remuneration	Name of the Directors				Total Amount
1	Independent Directors	C R Sharma	Vanamali Polavaram	Amarjit Singh	P K Misra	
	(a) Fee for attending board committee meetings	40000	20000	NIL	NIL	60000
	(b) Commission	NIL	NIL	NIL	NIL	NIL
	(c) Others, please specify					
	<b>Total (1)</b>	<b>40000</b>	<b>20000</b>	<b>NIL</b>	<b>NIL</b>	<b>60000</b>
2	Other Non Executive Directors	Vanamali Polavaram	Kalyani Polavaram	Piyush Goenka (Nominee)		
	“(a) Fee for attending board committee meetings”	NIL	NIL	NIL	NIL	NIL
	(b) Commission	NIL	NIL	NIL	NIL	NIL
	(c) Others, please specify.	NIL	NIL	NIL	NIL	NIL
	<b>Total (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>Total (B)=(1+2)</b>	<b>40000</b>	<b>20000</b>	<b>NIL</b>	<b>NIL</b>	<b>60000</b>

**Total Managerial Remuneration****Overall Cieling as per the Act.**

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	"Company Secretary"	CFO	
1	Gross Salary				Total
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1488328	322174	650640	2461142
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0	0	0	
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0	
2	Stock Option	0	0	0	
3	Sweat Equity	0	0	0	
4	Commission as % of profit others, specify	0	0	0	
5	Others, please specify	0	0	0	
	<b>Total</b>	<b>1488328</b>	<b>322174</b>	<b>650640</b>	<b>2461142</b>

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty Punishment Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty		0	0	0	0
Punishment		0	0	0	0
Compounding		0	0	0	0
<b>B. DIRECTORS</b>					
Penalty			0	0	0
Punishment		0	0	0	0
Compounding		0	0	0	0
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty		0	0	0	0
Punishment		0	0	0	0
Compounding		0	0	0	0

**FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

<p>1. Details of contracts or arrangements or transactions not at arm's length basis</p> <p>(a) Name(s) of the related party and nature of relationship</p> <p>(b) Nature of contracts/arrangements/transactions</p> <p>(c) Duration of the contracts/arrangements/transactions</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any</p> <p>(e) Justification for entering into such contracts or arrangements or transactions</p> <p>(f) date(s) of approval by the Board</p> <p>(g) Amount paid as advances, if any:</p> <p>(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188</p>	NA
<p>2. Details of material contracts or arrangement or transactions at arm's length basis</p> <p>(a) Name(s) of the related party and nature of relationship-</p> <p>(b) Nature of contracts/arrangements/transaction –</p> <p>(c) Duration of the contracts/arrangements/transactions –</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any:</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any:</p>	<p>Nikhil Nanda, Managing Director</p> <p>Unsecured Loan</p> <p>Repayable on demand.</p> <p>Interest free loan. Loan taken: Rs. 6,64,00,000 Loan repaid: Rs 3,99,50,000</p> <p>In different Board Meetings during the year.</p> <p>Nil</p>



## CORPORATE GOVERNANCE REPORT

The Company's philosophy on Corporate Governance envisages the attainment of transparency, accountability and equity in all facets of its operation and all its interactions with its stakeholders, including shareholders, employees and lenders etc.

The Company believes all its actions and operations must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

The commitment to adhere to Corporate Governance principles not just in letter but in spirit permeates through every level of the Company.

The Company has a strong legacy of fair, transparent and ethical governance practices, driven by an active, independent and participative board, the Company is totally committed to timely and comprehensive disclosures, transparent accounting policies and high levels of integrity.

### COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance refers to the set of systems, principles and processes by which the Company is governed. It provides the guideline as to how the Company can be directed or controlled so that it can fulfill its goals and objectives in a manner that adds to the value of the Company and is also beneficial for all the stakeholders i.e. Board of Directors, Management, Shareholders, Customers, Employees and Society in the long term. The Management of the Company assumes the role of a trustee for all stakeholders.

Corporate Governance is based on integrity, fairness, transparency, making disclosures, complying with various regulatory laws, accountability, and responsibility towards the stakeholders by conducting business in an ethical manner.

The Company's Corporate Governance practice includes:

- Ethical approach - culture, society; organizational paradigm
- Balanced objectives - congruence of goals of all interested parties
- Each party plays his part - roles of key players: owners/ directors/ staff
- A decision-making process is in place which is based on a model reflecting the above giving due weight to all stakeholders
- Stakeholders are treated with equal concern - albeit some have greater weight than others
- Accountability and transparency to all stakeholders

### BOARD OF DIRECTORS

The Board of Directors of JHS Svendgaard Laboratories Limited (herein referred as the Company) provides leadership and guidance to the Company's management and has a mix of skills and experience working together as a team encouraging

diverse and healthy debate in the interest of the Company and all its shareholders. The Board provides and evaluates the strategic direction of the Company, formulates and reviews the management policies, serves and protects the overall interest of Shareholders to ensure long term value creation for Stakeholders.

The Board recruits, supervise, retain, evaluate and provides direction to establish a policy based on Corporate Governance system, takes key strategic decisions, review major plans of action including. decisions concerning the capital structure of the Company i.e. capital restructure, capital returns , security issues , buy back etc., monitor and control functions, to review, approve annual budgets and business plans and also perform fiduciary duty to protect organization's assets and member's investment, and monitor performance against corporate strategy.

### COMPOSITION OF THE BOARD:

The size and composition of the Board of Directors suffices the requirement of Listing Agreement. The Company's Board comprises of Nine Directors, Mr. Nikhil Nanda, Managing Director is the promoter Director, there are four Non-Executive Independent Directors, viz., Mr. C R Sharma, Mr. Amarjit Singh, Mr. P K Misra and Mr. Mukul Pathak. Mr. Mukul Pathak was appointed as the Independent Director by the board w.e.f 14th July, 2015. His appointment is subject to the confirmation of the shareholders in the proposed Annual General Meeting of the Company. Mr. Piyush Goenka is the nominee director on the Board. All the Independent Directors meet the independence criteria as required under Clause 49 of the Listing Agreement. Mr. Vanamali Polavaram is the Non-Executive Chairman of the Company. Mrs. Kalyani Polavaram is the Non- Executive Woman Director on the Board. Table 1.1 gives the composition of the Board of Directors of the Company with the details of the number of meetings attended by them, the Directorship and membership in other companies.

### DATE OF BOARD MEETINGS:

Minimum four Board meetings are held every year. Additional meetings are held to address specific needs of the Company. In case of any exigency/emergency, resolutions are passed by circulation. The Board of Directors met five times during the year on 30th May 2014, 21st August 2014, 22nd November 2014, 5th February, 2015 and 14th February, 2015. The maximum gap between any two meetings was less than 120 days, as stipulated under Clause 49.

The necessary quorum was present for all the meetings.

### DIRECTORS ATTENDANCE RECORD AND DIRECTORSHIPS:

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 in Table 1.1:





Name of Director	Category	Board Meetings Attended (No. of Meeting:5)	Attendance at the Last AGM	Directorships in other Companies	Committee positions held in other Cos.	
					Chairman	Member
P Vanamali	Non-Executive Chairman	3	No	3	-	-
Nikhil Nanda	Managing Director	5	Yes	5	-	-
P K Misra*	Independent Director	NA	NA	-	-	-
C R Sharma	Independent Director	5	Yes	4	2	-
Amarjit Singh	Independent Director	2	No	4	-	-
Piyush Goenka	Nominee Director	1	No	2	-	-
Kalyani Polavaram**	Non Executive Women Director	0	No	-	-	-
Vishal Sarad Shah***	Additional Director	NA	NA	1	-	-
D S Grewal****	Chairman	1	Yes	-	-	-

Other than Mr. Nikhil Nanda who holds 88,10,774 shares and no other Director holds any shares in the Company.

\*Mr. P K Misra, Independent Director was appointed as the director of the Company w.e.f 25th March, 2015 by a shareholders resolution passed through postal ballot.

\*\*Mrs. Kalyani Polavaram was appointed as a Non-Executive woman Director in the Annual General Meeting held on 29th December, 2015.

\*\*\*Mr. Vishal Sarad Shah was appointed as an additional director (whole time director) of the Company w.e.f 14th February, 2015.

\*\*\*\*Mr. D S Grewal, Chairman of the Company has resigned from the Board of Directors w.e.f 14th February, 2015.

The Board periodically reviews the compliance status of all laws applicable to the Company as certified by all the departmental heads as well as steps taken by to rectify instances of non-compliances. The Board also reviews the minutes of the meetings of the Board of all unlisted subsidiaries.

#### INDEPENDENT DIRECTOR

As mandated by Clause 49, the Independent Directors of JHS SVENDGAARD LABORATORIES LIMITED:

- a. All are people of integrity and possesses relevant expertise and experience;
- b. (i) are not promoters of the Company its holding, subsidiary or associate Company  
(ii) are not related to promoters or directors of the Company, its holding, subsidiary or associate Company;
- c. Neither the Independent Directors nor any of their relatives has any pecuniary relationship and transactions with the Company, its promoters, its directors, its holding, subsidiary or associate Company, during the two immediately preceding financial years or during the current financial year;
- d. Neither the Director nor any of their relatives :-
  - (i) Holds or has held the position of a key managerial personnel or is or has been an employee of the Company, its holding, subsidiary or associate Company in any of the immediately preceding three financial years or in the current financial year;
  - (ii) Is or has been an employee or proprietor or a partner, in any of the immediately preceding three financial year of -  
(A) a Statutory audit firm or internal audit firm that is associated with the Company; and  
(B) the legal consulting firm that have a material association with the Company
  - (iii) Holds two percent or more of the total voting power of the Company; or
  - (iv) Is a Chief Executive or director, by whatever names called, of any non-profit organization that receives twenty-five percent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds two percent or more of the total voting power of the Company;
  - (v) Is not a material supplier, service provider or customer or a lessor or lessee of the Company which may affect independence of the director
- e. Are not less than 21 years of age.



## COMMITTEES OF THE BOARD

The Board has constituted Five (5) Committees to focus effectively on the issues and ensure expedient resolution for diverse matters namely:

- Audit Committee
- Stakeholder Relationship Committee
- Nomination and Remuneration Committee
- Compensation Committee.
- Risk Management Committee

The Board is responsible for constituting, assigning, and fixing the terms of reference for the members of various committees. The role and composition of these committees, including the number of meetings held during the financial year are provided below:

### • AUDIT COMMITTEE

The Company's Audit Committee comprises of three members, out of whom two are Independent Non-Executive Directors and one is Executive Director. During the year under review total 5 (five) meetings of Audit Committee were held on 30th May, 2014; 21st August, 2015; 22nd November, 2014; 05th February, 2015; .

Constitution and Attendance Record

Name of the Member	Category	No of Meetings Held	No of Meetings Attended
Mr. Nikhil Nanda	Executive	5	5
Mr. C R Sharma	Independent	5	5
*Mr. Amarjit Singh	Independent	5	2
**Mr. P K Misra	Independent	5	-

\* Mr. Amarjit Singh was appointed as the member of the Committee as on 5th February, 2015 and he subsequently resigned from the Committee on 31st March, 2015.

\*\* Mr. P K Misra was appointed as the member of the Committee w.e.f. 13th April, 2015.

The Director responsible for the finance function, the head of internal audit and the representative of the statutory auditors, internal auditors are permanent invitees to the Audit Committee. All the members of the committee are eminent professionals and draw upon their experience and expertise across a wide spectrum of functional areas such as finance and corporate strategy. Minutes of each of the audit committee meetings were placed before the Board Meeting.

The powers and role of the Audit Committee is in accordance with the provisions of Clause 49 of the Listing Agreement and section 177 of the Companies Act, 2013, and includes oversight of the Companies financial process, reviewing the financial statements, review of related party transactions, adequacy of internal audit and look into such matters as mandated under the listing agreement as amended from time to time. The role of audit committee includes the discussion internal and statutory auditors periodically about their scope of audit and adequacy of internal control system.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of two Executive Directors and one Non-Executive director. Mr. Vanamali Polavaram acts as the Chairman of the Committee. During the year 2014-15 Four meetings of the Committee were held.

Constitution of the committee:-

Name of the Member	Status
Mr. Vanamali Polavaram	Chairman
Mr. Vishal Shah	Member
Mr. Nikhil Nanda	Member
Mr. D S Grewal*	Member

Mr P. Vanamali and Mr. Nikhil Nanda became the member of the committee held on 30th May, 2014.

Mr. Vishal Shah became the member of the committee w.e.f 13th April, 2015.

\*Mr. D S Grewal, Chairman of the Committee, resigned from the position w.e.f 14th February, 2015.



The Committee is entrusted with the responsibility of addressing the shareholders' and investors' complaints with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc. and ensuring an expeditious share transfer process in line with the proceedings of the Share Transfer Committee. The Committee also evaluates performance and service standards of the Registrar and Share Transfer Agent of the Company and also provides continuous guidance to improve the service levels for the investors.

Number of complaints regarding shares for the financial year ended 31st March, 2015 is enumerated below.

Particulars	Status
Complaints outstanding as on 1st April, 2014	Nil
Complaints received during the year ended 31st March, 2015	1
Complaints resolved during the year ended 31st March, 2015	1
Complaints Outstanding as on 31st March, 2015	Nil

**NOMINATION AND REMUNERATION COMMITTEE:**

The Nomination and Remuneration Committee comprises of one Non-executive Directors and two independent directors, P. Vanamali acts as Chairman of the Committee. During the year under review three meetings of Remuneration Committee was held.

**Constitution of the committee:-**

Name of the Member	Status
Daljit Singh Grewal*	Member
Mr. Vanamali Polavaram	Chairman
Mr. P K Misra	Member
Mr. C R Sharma	Member

\*Mr. D S Grewal, resigned from the position w.e.f 23rd September, 2013.

The Terms of Reference of the Nomination & Remuneration Committee of the Company, inter-alia, evaluates, recommends to the Board and approves the Executive Directors compensation plans, policies and programmes of the Company.

**REMUNERATION OF DIRECTORS**

- i) Non-executive Directors: The Company has no pecuniary relationship or transaction with its Non-executive Directors other than payment of sitting fees to them for attending Board and Committee meetings.
- ii) Executive Directors: The remuneration policy is directed towards rewarding performance. It is aimed at attracting and retaining high caliber talent. The Company does have an incentive plan which is linked to performance and achievement of the Company's objectives.

**Remuneration paid to the Directors of the Company during the year ended 31st March, 2014:**

Particulars	(Rs. In Lakhs)
Salary	10.00
Sitting Fees	0.60
Other Perquisites/Benefits	Nil
<b>Total</b>	<b>10.60</b>

**• COMPENSATION COMMITTEE:**

The Compensation Committee comprises of two Executive Director. Mr. Nikhil Nanda, Executive Director acts as Chairman of the Committee. No Meeting was held during the Financial Year 2014-15.

**Constitution of the committee: -**

Name of the Member	Status
Nikhil Nanda	Chairman
Vanamali Polavaram	Member

The responsibilities of the Committee include framing the ESOP and recommending the same to the Board/shareholders for their approval and implementing the Scheme approved by the shareholders, Suggesting to Board/shareholders changes in the ESOP, deciding the terms and conditions of Employees Stock Option Scheme (ESOP) and all other issues incidental to the implementation of ESOP.

**• RISK MANAGEMENT COMMITTEE:**

The Risk Management Committee One Executive Director. Mr. Vishal Sarad Shah, and two senior executive of the Company Mr. Neeraj Kumar, CFO and Mr. Ashish Goel, Vice President (Finance). Mr. Vishal Shah acts as the chairman of the Committee.

Name of the Member	Status
Mr. Vishal Sarad Shah	Chairman
Mr. Neeraj Kumar	Member
Mr. Ashish Goel	Member

**GENERAL BODY MEETINGS:****I. General Meeting:****a) Annual General Meeting**

The last three Annual General Meetings of the Company;

Year	Venue	Date	Time	Special Resolution
2013-14	Trilokpur Road, Kheri (Kala-Amb), Tehsil - Nahan, District- Sirmour, Himachal Pradesh – 173 030	29.12.2014	10.00 AM	1. Appointment of C R Sharma as Independent Director 2. Appointment of Amarjit Singh as Independent Director 3. Appointment of P. Vanamali as Non-Executive Director 4. Preferential Issue of 2,46,00,000 Equity Shares of the Company.
2012-13	Trilokpur Road, Kheri (Kala-Amb), Tehsil - Nahan, District- Sirmour, Himachal Pradesh – 173 030	24.09.2013	10.00 AM	No Special resolution Passed
2011-12	Trilokpur Road, Kheri (Kala-Amb), Tehsil - Nahan, District Sirmour, Himachal Pradesh – 173030	06.09.2012	10.00 AM	Special resolution was passed for increase in remuneration of Mr. Nikhil Nanda, Managing Director of the Company

No special resolution requiring a postal ballot was passed last year or is being proposed at the ensuing Annual General Meeting.

**b) Extra-Ordinary General Meeting through Postal Ballot**

Year	Venue	Date	Special Resolution
2015	Trilokpur Road, Kheri (Kala-Amb), Special resolution was	25.03.2015	1. Issue of 2,46,00,000 Convertible Warrants  2. Sell, Lease or otherwise dispose off whole or substantially the whole of the undertaking





## ROLE OF THE COMPANY SECRETARY

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. There is complete transparency in the working of the Secretarial department and all the Directors have access to the advice and services of the Company Secretary. The Secretarial Standards issued by the ICSI are followed on all important aspects of the Secretarial work. The provisions of the Companies Act, 2013, the Listing Agreement, various SEBI guidelines including The Substantial Acquisition of Shares and Takeovers Regulations, 2011 and The Prohibition of Insider Trading Regulations, 1992 and all other applicable Laws and Regulations in this regard are completely adhered to.

## DISCLOSURES

### • RELATED PARTY TRANSACTIONS:

Disclosure on materially significant related party transactions, i.e., transactions of the Company of material nature, with its Promoters, the Directors and the Management, their relatives, of subsidiaries and so on, that may have potential conflict with interests of the Company at large. None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the disclosure set out in Notes to Account - Schedule - forming a part of the Annual Report. All related party transactions are negotiated on an arm's length basis and are intended to further the Company's interests.

### • DETAILS OF NON-COMPLIANCE:

The Company has complied with the requirements of regulatory authorities in the capital markets except the non-filing of financial statements for first, second and third quarters and the default in filing of financial statements for the year ended 31st March 2015 till 13th July, 2015. All the results for the above quarters and year ended were published on 14th July, 2015. The BSE and NSE has imposed penalty for such non-compliance during the year. The Company has approached the stock exchanges to waive the penalty imposed, since the non-compliance was due to some non-avoidable reasons beyond the control of the Company and purely non-intentional. There was no other penalty/stricture imposed on the company during the last three years. Apart from that there was no other non-compliance noted during the year.

### • COMPLIANCE WITH MANDATORY AND NON MANDATORY REQUIREMENTS:

The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement.

### • DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS:

In the preparation of financial statements, the Company has followed the Accounting Standards, as prescribed under the Companies (Accounting Standard) Rules, 2006, as applicable. The Accounting Policies followed by the Company, to the extent relevant, are set out in the Annual Report.

### • CEO/ CFO CERTIFICATION:

The Certificate as stipulated in clause 49(V) of the Listing Agreement was placed before the Board along with the financial statements for the Financial Year ended 31st March, 2014 and the Board reviewed the same. The said Certificate is provided elsewhere in the Annual Report.

## CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("the Code") to its management staff. The Company Secretary is the compliance officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the prevention.

## CODE OF CONDUCT

The Company has adopted a Code of Conduct for all its Directors and employees. This Code of Conduct has been communicated to all of them.

The Code of Conduct has also been put on the Company's website i.e [www.svendgaard.com](http://www.svendgaard.com).

## DISCLOSURES OF ACCOUNTING TREATMENT:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards notified under Sec 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 ("the Companies Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs and the relevant provisions of the Companies Act, 1956/2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.



## TRAINING OF DIRECTORS

The Board members of JHS are eminent personalities having wide experience in the field of Business, Finance, Education, Industry, Commerce and Administration. Their presence on the Board has been advantageous and fruitful in taking business decisions.

The Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations by having one-to-one meetings.

The new Board members are also requested to access the necessary documents/brochures, Annual reports and internal policies available at our website [www.svendgaard.com](http://www.svendgaard.com) to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made by Senior Management, Statutory and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Directors.

## MEANS OF COMMUNICATION:

All vital information relating to the Company and its performance, including quarterly results, official press releases are posted on the web site of the Company i.e. [www.svendgaard.com](http://www.svendgaard.com). The quarterly and annual results of the Company's performance are published in Business Standard (English) circulated all over India, Himachal Dastak (Hindi) circulated in Regional Area. The quarterly results of the Company are also available on the websites of Bombay Stock Exchange Limited and National Stock Exchange of India Ltd. viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.

The Company also files the Corporate Governance report, Shareholding pattern and quarterly and financial results in the NSE Electronic Application Processing System (NEAPS) and BSE Electronic Filing.

## SUBSIDIARY COMPANIES

The Company monitors performance of its subsidiary companies, inter alia, by the following means:

- i) The Audit Committee reviews the Financial Statements of the subsidiary companies, along with investments made by them, on a quarterly basis.
- ii) The Board of Directors reviews the Board meeting minutes and statements of all significant transactions and arrangements, if any, of the subsidiary companies.

**Your Company does not have a material non-listed Indian subsidiary.**

## GENERAL SHAREHOLDER INFORMATION:

### • COMPANY'S WEBSITE:

The website of the Company is [www.svendgaard.com](http://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.

### • ENSUING ANNUAL GENERAL MEETING

Date of AGM	:	Tuesday, September 01, 2015
Time	:	11:00 A.M
Venue	:	Trilokpur Road, Kheri (Kala Amb) Tehsil- Nahan, Distt: Sirmour, Himachal Pradesh -173 030

### • FINANCIAL CALENDER

Financial year : 1st April, 2014 to 31st March, 2015

For the year ended 31st March, 2015 results were announced on 14th July, 2015

### • BOOK CLOSURE

The books will be closed from 25th August, 2015 to 01st September, 2015 (Both days inclusive) as annual book closure for the Annual General Meeting.

### • LISTING INFORMATION:

The Company's shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Listing fees as prescribed have been paid to the respective Stock Exchanges for the financial year ended 31st March, 2015.



• **STOCK CODE**

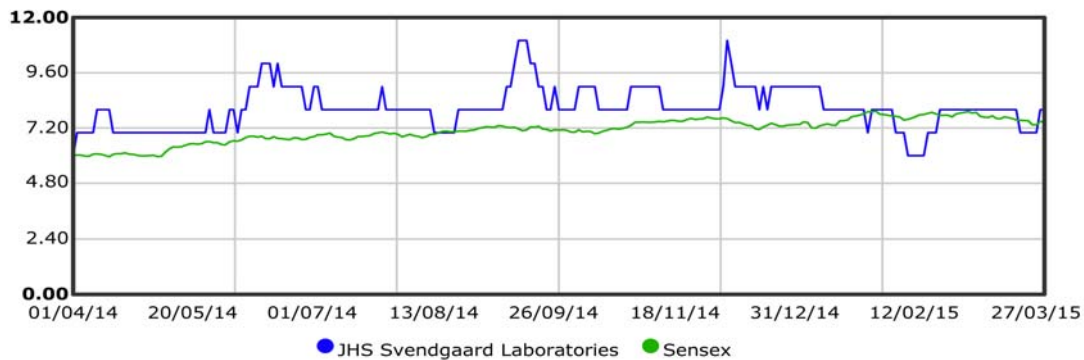
Bombay Stock Exchange Limited: 532771  
National Stock Exchange of India Limited: JHS  
ISIN Code: INE544H01014

• **MARKET PRICE DATA**

Monthly high and low prices and volumes of equity shares of the company at BSE and the NSE for the financial for the year ended 31st March, 2015. The below chart compares the Company's share price at the BSE versus the Sensex.

S. No.	Month	NSE		BSE	
		High	Low	High	Low
1	Apr-14	7.99	6.09	8.00	6.00
2	May-14	7.85	6.60	7.90	6.50
3	Jun-14	10.41	6.97	10.40	6.85
4	Jul-14	8.80	7.24	8.90	7.30
5	Aug-14	8.49	6.66	8.55	6.70
6	Sep-14	11.93	7.50	11.70	7.60
7	Oct-14	9.83	7.86	9.70	7.75
8	Nov-14	9.25	7.31	9.15	7.15
9	Dec-14	11.75	7.40	11.35	7.00
10	Jan-15	9.20	7.22	9.30	7.00
11	Feb-15	8.40	5.81	7.80	6.10
12	Mar-15	7.59	6.86	8.15	8.10

**JHS vs Sensex**



**REGISTRARS AND TRANSFER AGENTS**

Name and Address : M/s Alankit Assignments Limited,  
205-208, Anarkali Complex, Jhandewalan Extension, New Delhi – 110055  
Telephone : +91-11-4254 1234  
Fax : + 91-11-4254 1201  
Email : rta@alankit.com

**SHARE TRANSFER SYSTEM**

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are processed and registered within 15 days from the date of receipt.

**SHAREHOLDING PATTERN AS ON 31ST MARCH 2015**

Category	No of Shares	% of Holding
Promoters Shareholding	9059865	37.60
Non-promoters holding		
Mutual funds and UTI	-	-
Banks, Financial Institutions, Insurance Companies ,Clearing Member	-	-
Foreign institutional investor	193589	0.80
Foreign Venture Capital Investor	3499999	14.53
Bodies Corporate	1592571	06.61
India Public	9563289	39.69
Non resident Indians	184939	0.77
Foreign Nationals	1000	0.00
Trusts	0	0
<b>Grand Total</b>	<b>24095252</b>	<b>100</b>

- DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2015**

No. of Shares	Holding	Percentage to capital	Number of Accounts	Percentage to total accounts
1 – 100	1,81,772	0.75	3,036	33.73
101 - 500	9,63,879	4.00	3,486	38.73
501 - 1000	9,28,216	3.85	1,106	12.29
1001 - 5000	24,96,660	10.36	1,045	11.61
5001 - 10000	13,13,839	5.45	170	1.89
10001 - 20000	11,93,896	4.96	82	0.91
20001 - 30000	6,30,651	2.62	27	0.3
30001 - 40000	4,83,011	2.01	14	0.16
40001 - 50000	3,78,136	1.57	8	0.09
50001 - 100000	6,84,570	2.84	11	0.12
100001 - 500000	25,29,849	10.50	13	0.14
500001 -ABOVE	1,23,10,773	51.09	2	0.02

- DEMATERIALIZATION OF SHARES**

The equity shares of your Company are under compulsory dematerialization mode as on 31st March, 2015. 99.93 % of shares of the Company are dematerialized as on 31st March, 2015. Trading in Equity shares of the Company is permitted only in demat mode. The Equity shares of your company are frequently traded.

- OUTSTANDING GDRS/ ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS**

There were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments as at the end of the financial year ended on 31st March 2015.



- **PLANT LOCATIONS**

- i) Himachal Pradesh  
Trilokpur Road, Kheri Kala-Amb, Tehsil - Nahan,  
Distt: Sirmaur, Himachal Pradesh-173030
- ii) Noida  
Jai Hanuman Exports  
H- 3, SDF, NSEZ, Noida Phase II, Dadri Road,  
Gautam Budh Nagar, Uttar Pradesh – 201305

- **ADDRESS FOR INVESTOR CORRESPONDENCE**

All shareholders' correspondence should be forwarded to M/s. Alankit Assignments Limited, the Registrar and Transfer Agent of the Company or to the Investor Service Department at the Registered Office of the Company at the addresses mentioned below. An exclusive e-mail ID, investor@svendgaard.com for redressal of investor complaints has been created and the same is available on our website.

**For Correspondence:**

JHS Svendgaard Laboratories Limited  
B-1/E-23, Mohan Cooperative Industrial Area,  
New Delhi-110044  
Ph: 011-26900411; Fax: 011-26900434

**Registered Office:**

JHS Svendgaard Laboratories Limited  
Trilokpur Road, Kheri Kala -Amb, Tehsil - Nahan  
Distt: Sirmaur, Himachal Pradesh-173030

**Compliance Officer:**

Mr. Dhiraj Kumar Jha, Company Secretary  
Phone: 011-26900411; Fax: 011-26900434  
e-mail: cs@svendgaard.com

**DECLARATION**

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, the Board Members and the Senior Management Team have confirmed compliance with the Code of Conduct for the Financial Year ended March 31, 2015.



## Certificate on Corporate Governance

To the Members of

### JHS Svendgaard Laboratories Limited

1. We have examined the compliance of conditions of Corporate Governance by JHS Svendgaard Laboratories Limited ("the Company") for the year ended on 31st March, 2015, as stipulated in Clause 49 of the listing agreement of the said Company with Stock Exchanges in India.
2. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Mahima Suri & Associates**

Company Secretaries

Sd/-

**Mahima Suri**

ACS – 31768, CP: 12056

Place: New Delhi

Date : 28th July, 2015

### DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2015, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, employees in the Executive Vice President cadre and the Company Secretary as on March 31, 2015.

**Nikhil Nanda**

Managing Director

DIN: 00051501

Place: New Delhi

Date: 28.07.2015





## CEO CFO CERTIFICATION

To

The Board of Directors  
JHS Svendgaard Laboratories Limited  
Dear members of the Board,

We, Paramvir Singh, Chief Executive Officer and Neeraj Kumar, Chief Financial Officer of the Company, to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement of the Company and all the notes on accounts and the Board's report.
2. These statements do not contain any materially untrue statement or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. The financial statements, and other financial information included in this report, present in all material respects a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as at, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations.
4. There are no transactions entered into by the Company during the year that are fraudulent, illegal or violate the Company's Code of Conduct and Ethics, except as disclosed to the Company's auditors and the Company's audit committee of the Board of Directors.
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
  - a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP) in India.
  - c. Evaluated the effectiveness of the Company's disclosure, controls and procedures.
  - d. Disclosed in this report, changes, if any, in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. We have disclosed, based on our most recent evaluation of the Company's internal control over financial reporting, wherever applicable, to the Company's auditors and the audit committee of the Company's Board (and persons performing the equivalent functions):
  - a. Any deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and have confirmed that there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
  - b. Any significant changes in internal controls during the year covered by this report.
  - c. All significant changes in accounting policies during the year, if any, and the same have been disclosed in the notes to the financial statements.
  - d. Any instances of significant fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.
7. We affirm that we have not denied any personnel access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.
8. We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

Place: New Delhi  
Date: 14th July, 2015

**Paramvir Singh**  
Chief Executive Officer

**Neeraj Kumar**  
Chief Financial Officer



**MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31.03.2015**

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

**SECRETARIAL AUDIT REPORT OF M/S JHS SVENDGAARD LABORATORIES LIMITED**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015**

To,  
The Board of Directors,  
JHS Svendgaard Laboratories Limited  
Trilokpur Road, Kheri Kala -Amb, Tehsil - Nahan,  
Distt: Sirmaur, Himachal Pradesh -173030

I/We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by JHS Svendgaard Laboratories Limited CIN-L24230HP2004PLC027558 ("the Company"). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my/our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company its officers, agents and authorized representatives during the conduct of Secretarial Audit. I/We hereby, report that in my/our opinion, the company has during the audit period covering the financial year ended 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter-

I/We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of-

- (i) The Companies Act, 2013(the Act) and the rules made thereunder and the provisions of the Companies Act, 1956 to the extent applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008\*;
  - f) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009\*;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998\*;
  - (i) Other Laws applicable specifically to the Company namely:
    - a) Drugs and Cosmetics Act, 1940
    - b) The Trade Marks Act, 1999

\* Not applicable because company did not carry out the activities covered by the regulations/guidelines during the audit period.

As informed to me/us the following other Laws specifically applicable to the Company as under-



- (i) The Air (Prevention and Control of Pollution) Act, 1981;
- (ii) The Environment (Protection) Act, 1986 ;
- (iii) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ;
- (iv) Employees' State Insurance Act, 1948;
- (v) Equal Remuneration Act, 1976 ;
- (vi) The Factories Act, 1948 ;
- (vii) The Industrial Employment (Standing Orders) Act, 1946;
- (viii) Maternity Benefit Act, 1961 ;
- (ix) Legal Metrology Act, 2009 ;
- (x) The Minimum Wages Act, 1948;
- (xi) The Payment of Wages Act, 1936 ;
- (xii) The Negotiable Instruments Act, 1881 ;
- (xiii) The Water (Prevention and Control of Pollution) Act 1974;
- (xiv) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has not constituted an internal complaints Committee. However the Company, being certified under Worldwide Responsible Accredited Production (WRAP), has a committee for prevention of sexual harassment of women at work place.

I/We have also examined compliance with the applicable clauses of the following-

- i. Secretarial Standards issued by The Institute of Company Secretaries of India. (Notified w.e.f. 1st July, 2015, hence, not applicable to the Company during the Audit period)
- ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

I/We further report that compliance of applicable financial laws including Direct and Indirect Tax laws by the Company has not been reviewed in this Audit since the same has been subject to review by the Statutory Auditors and other designated professionals.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations-

1. The Company was unable to publish its quarterly financial results for three quarterly ended i.e. 30th September, 2014, 31st December, 2014&31st March, 2015 (known as "said period") as per clause 41 of Listing agreement due to unforeseen circumstance beyond the control of company. The company had published its quarterly results for the said period on 14th day of July, 2015. The Company has provided penalty amounting to Rs. 0.47 Crore levied by the Stock Exchanges (i.e., NSE & BSE) from the date of default i.e. 15/08/2014 to 31/03/2015 for non-compliance of clause 41 of Listing Agreement in its books of accounts.
2. The Company has not updated its website as per Listing Agreement with NSE & BSE. As on the date of signing of report Company has updated its websites as per Listing Agreement.
3. During the audit period Company has not renewed its Fire Extinguisher & audit for ISO Certificates was undergoing. As on date of signing of report Company has renewed its Fire Extinguisher & ISO certificate has duly issued by authority.
4. During the period under audit company has not yet filled the following E-Forms:

E-Form	Provision	Purpose
MGT-14	Section 189(2) of Companies Act, 2013	Disclosure of KMP

I/We further report that-

The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Director and Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except that Form DIR 12 was filed after 30 days from the date of resignation/appointment of Directors. Where these forms are filed with late fees, this should be reported as compliance by reference of payment of additional fees.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.



I/We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I/We further report that during the audit period the Company through passing Special Resolution has taken following major decisions:

1. Approval to sell, lease or otherwise dispose of the whole or substantially the whole of the Hygiene Products Business Undertaking under Section 180(1) (a) of the Companies Act, 2013.
2. Approval to acquire entire shares of any of its subsidiary. So, that the said Company becomes the Wholly Owned Subsidiary under Section 180(1) (c) of the Companies Act, 2013.

I/We further report that the during the audit period-

1. In the financial year 2012-13, as per the management's decision, the Company had written off its unrealized trade receivable amounting to Rs. 42.28 crores which were set-off against Securities Premium Accounts directly. This was subject to approval of the applicable made to the Hon'ble High Court of Himachal Pradesh for ratifying the said adjustment. The management had decided to withdraw the said application from the Hon'ble High Court of Himachal Pradesh. Accordingly, during the year the Company has reversed the treatment given in the earlier years for write off amounting to Rs. 42.28 crores by crediting Securities Premium Account and charged the write off to the Statement of Profit & Loss as on March, 2015.
2. During the financial year ended 31st March, 2015, the Company had entered into "One Time Settlement" (OTS) of dues with its lender banks to clear all the outstanding loans & interest thereon. As per the term of the OTS the Company was required to pay Rs. 23.50 Crores as the OTS amount before 30/06/2015.

As a result of OTS, the unpaid interest on borrowing outstanding as on March 31, 2014 has been reversed and credited to the statement of profit & Loss. Further, the waiver under OTS has been proportionately apportioned between the outstanding liabilities towards the various working capital facilities and terms loan as detailed under:

- the waiver amount on account of working capital facilities has been credited to the Statement of Profit & Loss;
- the waiver amount on account of term loan facilities amounting to Rs. 30.82 Crores has been credited to Capital Reserve directly being in the nature of capital receipt.

As on the date of signing of the result the Company has made the entire payment as per the terms of OTS agreed with the banks & consequently the banks has also issued no dues certificates to the Company. Consequently the banks has released the charges on the assets of the Company and withdrawn the proceeding from Debt Recovery Tribunal.

For & Behalf of Mohit & Associates

CS Mohit

ACS No. 30192

C.P No: 11722

Place: Gurgaon

Date: 14/07/2015



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

Businesses in India are more confident than ever about the growth of the country's rural consumer markets. Public sentiment significantly improved with resounding majority of a single political party in the National elections in May 2014. Although, there was a renewed optimism in the country, it did not translate immediately into an increase in demand. India's consumer confidence continues to be the highest globally and riding on a positive economic environment and low inflation. Global corporations view India as one of the key markets from where future growth is likely to emerge. The growth in India's consumer market would be primarily driven by a favourable population composition and increasing disposable incomes. India's market is consumer driven, with spending anticipated to more than double by 2025. Wholesale and Consumer price inflation moderated substantially in 2014 as compared to the previous year. Food inflation and crude oil prices also dropped significantly in 2014.

### MARKET SIZE

The growing purchasing power and rising influence of the social media have enabled Indian consumers to splurge on good things. Fast moving consumer goods (FMCG) is the fourth largest sector in the Indian economy. The overall FMCG market is expected to increase at a compound annual growth rate (CAGR) of 14.7 per cent to touch US\$ 110.4 billion during 2012-2020, with the rural FMCG market anticipated to increase at a CAGR of 17.7 per cent to reach US\$ 100 billion during 2012-2025. The FMCG sector has grown at an annual average of about 11 per cent over the last decade. Growing awareness, easier access, and changing lifestyles have been the key growth drivers for the sector.

There is a lot of scope for growth in the FMCG sector from rural markets with consumption expected to grow in these areas as penetration of brands increases. Also, with rising per capita income, which is projected to expand at a CAGR of 7.4 per cent over the period 2013-19, the FMCG sector is anticipated to witness some major growth.

### GOVERNMENT INITIATIVES

The Government of India has allowed 100 per cent Foreign Direct Investment (FDI) in the electronics hardware-manufacturing sector through the automatic route. The government has also enabled 51 per cent FDI in multi-brand retail and 100 per cent in single-brand retail so as to attract more foreign investment into the country.

With the demand for skilled labour growing among Indian industries, the government plans to train 500 million people by 2022 and is also encouraging private players and entrepreneurs to invest in the venture. Many government, corporate and educational organisations are working towards providing training and education to create a skilled workforce.

### ROAD AHEAD

The Indian oral care market offers immense potential for growth, given its low penetration in most parts of the country, especially in rural areas. With people in general being largely unaware about oral hygiene, the industry has a major incentive to expand. Even consumers in rural areas are slowly switching over from tooth powders to toothpaste. The oral care industry has also benefitted from the government organizing the regular dental health camps, along with high frequency of advertising on behalf of companies selling oral care products.

### FOCUS ON INNOVATION AND NEW LAUNCHES

Your Company has been continually pioneering innovation and development in the Oral Care category with best-in-class technologies. Your Company has been staying ahead of trends by identifying opportunities based on insights into consumer behavior and by leveraging the technology. Your Company has made successful innovative launches during the year.

### ORAL CARE

Indian oral care industry, over the last few years, has been one of the fast growing FMCG sectors. The oral care industry is segmented into five categories which include toothpaste, toothbrush, tooth powder, mouthwashes; others oral care products such as dental flosses and oral care chewing gum. The oral care industry in India has been largely dominated by the toothpaste segment, which contributed around 72% share in the overall revenue of the industry in FY'2015. Toothbrush is the second largest oral care products segment in the industry after toothpaste and majorly including products such as manual and electric toothbrushes.

Tooth powder category, on the other hand has demurred in the industry and in FY'2014. The decline in the tooth powder market revenue was mainly due to change in the consumer tastes and preferences towards easy to use oral care products in the market. Further, the mouthwashes segment has showcased high growth expansion in the Indian market. At present, the penetration percentage of mouthwashes is also in the single digit.

The long term growth potential of the industry remains optimistic of oral care products. Increasing disposable earnings, growing lower and upper middle class, incline in the population demography, rising oral awareness, convenient oral care products, growing distribution chain and logistics storage, increasing toothpaste penetration, development in oral care solution segments and others are some of the factors expected to drive the industry's growth in the next five years.

### FUTURE OUTLOOK AND STRATEGY:

The oral care products market includes products designed to improve oral hygiene and provide dental care. The oral care market is witnessing translational shift from conventional



products (such as toothpaste and standard toothbrushes) to advanced ones (such as mouth washes and power brushes) owing to increasing awareness among consumers about dental aesthetics and hygiene.

The growth of the oral care market is propelled by the product innovations, growing incidences of caries and periodontal diseases, aging population, and poor dietary habits. Increasing demand of oral care products in the rural areas due to rising awareness about oral health and improving hygiene practices unfolds new growth opportunity in the oral care market. However, lack of awareness among end-users about advanced oral care products is hindering the growth of the market.

The market for oral care hygiene product has grown at a consistent rate with high future perspectives. The Company continued to focus on strengthening the Oral Care brands and the portfolio which has helped in the premiumisation of the brand. The Company has also put in place a robust plan to strengthen the toothbrush portfolio both at the premium as well as at the mass end of the market to enhance efficiencies and reduce cost to continue to yield strong, positive results and fund investment in building and strengthening brand equity and the business.

JHS Svendgaard Laboratories Limited ("the Company") has come up with its own brand "AQUAWHITE". The company is now manufacturing toothbrush and toothpaste under its own brand "AQUAWHITE" and continues to focus on creating new market segments of FMCG products.

The "Aquawhite" brand includes Complete Oral care range for every age group. Apart from working on its own brands the company also offers Contract Manufacturing Partnership to brands in the domestic and the international market.

The company is ready to supply Aquawhite Oral care range (that includes Toothbrushes, Toothpaste & Mouthwash) for the Retail Stores at PAN India level.

Although the Company has been confined to Oral Care category where it faces intense competition but it is hopeful that through a combination of powerful marketing strategies, innovative new products and market development and expansion, it would continue to grow strongly over the next several years.

The Company is planning to move ahead with a strategic way and is concentrating to capture the untapped market with its cost effective products. The Company expects that its continuing efforts and focused programs to enhance efficiencies and reduced cost will continue to yield strong, positive results and fund investments in building and strengthening brand equity and the business.

The Company believes in unwavering focus on both competitive growths in core categories as well as market development to build segments of future that are critical for sustained growth and long term value creation. While focusing on the core categories, the Company has also invested significantly in the segments of future, i.e. the segments which are expected to drive future growth.

#### **OPPORTUNITIES:**

Opportunities abound in India's FMCG market with high annual growth rates and low penetration levels, across categories. The urban and rural consumers will have the same purchase drivers. The sector has a great opportunity for growth in the country, with the rising incomes and driving purchases, desire to experiment with the brand products, evolving consumer lifestyle, new product launches, growth of modern trade, availability of online channels to shop, increasing consumer demands, greater awareness of product brands, there exists a huge untapped opportunities.

#### **THREATS:**

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

#### **RISK AND CONCERNS:**

The Company, like any other organization has national as well as global business interests and is exposed to business risks which may be internal as well as external. To ensure long term corporate success, it is therefore essential that risks be effectively identified, analyzed 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. The Company has a comprehensive risk management system where the senior management team sets the overall tone and risk culture of the organization through defined and communicated corporate values, which enables us to recognize and analyze risks early and to take appropriate actions. 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.

#### **COMPANIES PERFORMANCE REVIEW:**

The Turnover from the operation of the company during the financial year ended 31st March 2015 amounted to Rs. 553 Million as compared to Rs. 353 Million during the previous year ended 31.03.2014. The Turnover of the company has increased by 56.82% from the previous year mainly on accounts of the Tooth paste Business of the contract manufacturing as well as company's own brand.

Company has entered One Time Settlement with its lender banks for the outstanding dues & now the company has become debt free & all the charges created on the company's assets by banks has now been released and also the proceedings on the company in Debt Recovery tribunal has been withdrawn.





#### **INTERNAL CONTROL SYSTEM:**

Company's internal control systems are well commensurate with the nature of business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as internal Auditors, covering all the offices, factories and key areas of business.

The Audit Committee review the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of the Audit recommendations including those relating to the strengthening of the Company's risk management policies and system. The Company's ERP control mechanism has further strengthen the overall control on the business and accordingly, the audit observations and follow-up actions are discussed with the Management of the Company as well as the Audit Committee.

#### **ENVIRONMENT HEALTH AND SAFETY:**

The Company has a vision of being an 'Injury Free' and 'Zero Environment Incident' organization. The Company's strategic framework, integrates Safety as a non-negotiable value. Over the past many years, the Company has been progressing well in terms of reducing injury frequency rates and has improved the safety record in factories and facilities.

The Company has developed safer systems and procedures for work by implementing Core Design principles (e.g. in projects, in facilities design, in process safety, etc.) rolling out up-to-date engineering standards and investing in hardware and safety infrastructure across sites.

Company is actively involved in EHS to ensure the health and safety of all its employees, contractors, visitors and other persons at its workplace and protecting the environment. All locations of JHS Svendgaard Laboratories Limited shall ensure that the operations of the company are regularly assessed

and planned to prevent pollution, injuries and ill-health. The EHS Management Standards for all sites of the Company and provides audit guidelines in order to assess the implementation of these Standards. The Company shall comply with applicable Environment and occupational Health and Safety Legislation and other requirements wherever the Company is working.

#### **HUMAN RESOURCE:**

JHS takes pride in the fact that our people, organizational culture and values enable us to be decentralized and entrepreneurial. JHS is committed in creating a transparent organization and a highly conducive environment that is focused on people and their capability, enabling them to deliver superior performances. At JHS, we have constantly focused on getting the top talent for our businesses. Human resource development happens through structured approaches for employee engagement, resourcing, performance and compensation management, competency based development, career and succession planning and organization building.

During the fiscal 2014-15, JHS focused on various strategic learning programmes, employee engagement and health management initiatives aimed at the overall development of our dynamic workforce. The belief that 'great people create great organizations' has been at the core of the Company's approach to its people. 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 Organization forward over the next few decades.

## SEGMENT-WISE PERFORMANCE

The Segment wise Performance as on 31st March, 2015 is as mentioned below:

### SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED (CONSOLIDATED)

(Rs. In Lakhs)

S. No.	Particulars	Quarter Ended		Year Ended	Year Ended
		March 31, 2015 Unaudited	March 31, 2014 Unaudited	March 31, 2015 Audited	March 31, 2014 Audited
A.	<b>SEGMENT REVENUE</b>				
	i) Full Service Goods Based - Contract Manufacturer- Oral care	2,009.43	660.43	4,901.87	2,962.46
	ii) Manufacturing sale - Oral care	127.62	121.14	630.52	207.38
	iii) Job work - Oral care and Hygiene care	-	-	-	358.12
	iv) Marketing and Distribution	-	-	-	-
	v) Dental Care Clinics	-	-	-	-
	<b>Total</b>	<b>2,137.05</b>	<b>781.57</b>	<b>5,532.39</b>	<b>3,527.96</b>
B.	<b>SEGMENT RESULTS</b>				
	Profit before Tax, extraordinary ,prior period & Interest				
	i) Full Service Goods Based -Contract Manufacturer- Oral care	(762.78)	(611.67)	(1,814.47)	(1,458.64)
	ii) Manufacturing sale - Oral care (Refer note 8)		-		-
	iii) Job work - Oral care and Hygiene care	(113.97)	(73.35)	(371.44)	(661.92)
	iv) Marketing and Distribution	(0.19)	(0.39)	(0.33)	(0.99)
	v) Dental Care Clinics	(2.80)	(0.30)	(3.78)	(0.95)
	<b>Total</b>	<b>(879.74)</b>	<b>(685.71)</b>	<b>(2,190.02)</b>	<b>(2,122.50)</b>
	less:				
	i) Finance costs	7.04	395.58	14.08	1,407.03
	ii) Prior period items	9.16	0.20	9.16	0.20
	<b>Total profit before tax</b>	<b>(895.94)</b>	<b>(1,081.49)</b>	<b>(2,213.26)</b>	<b>(3,529.73)</b>
C.	<b>CAPITAL EMPLOYED</b>				
	Equity and long term borrowings (including current maturities of long term borrowings and interest accrued and due)				
	i) Full Service Goods Based -Contract Manufacturer- Oral care	9,738.74	5,854.62	9,738.74	5,854.62
	ii) Job work - Oral care and Hygiene care	455.43	4,329.38	455.43	4,329.38
	iii) Manufacturing sale - Oral care (Refer note 8)	-	-	-	-
	iv) Marketing and Distribution	1,816.02	3,006.15	1,816.02	3,006.15
	v) Dental Care Clinics	-	-	-	-
	<b>Total Capital Employed</b>	<b>12,010.19</b>	<b>13,190.15</b>	<b>12,010.19</b>	<b>13,190.15</b>

### CAUTIONARY STATEMENT

The projections made in this report may be forward-looking statements within the meaning of applicable laws and regulations. Actual results may differ from those expressed in this report due to the influence of external and internal factors that are beyond the control of the Company such as demand, supply, climatic conditions, economic conditions, political scenario, Government regulations and policies, taxation, natural calamities and other conditions. All these conditions cumulatively can make a significant impact on the Company's performance. Owing to this, certain statements made in this Report pertaining to the projections, outlook, expectations, estimates etc. may differ from actuals.

**ANNEXURE “A”**

The status of employee stock option, as on 31st March, 2015 is as under:

S. No.	Particulars	2014-15
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 realized by exercise of options (in Rs.)	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 recognized 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” - CONSERVATION OF ENERGY**

Wherever possible, energy conservation measures have been implemented. However, efforts to conserve and optimize the use of energy through improved operational methods and other means are being continued on an on-going basis. The energy consumption and the cost of production are kept under control. Wastage of energy has been minimized to a negligible level by switching off the electronic equipments as and when not in use.

Requisite data in respect of energy conservation is given below:



Power and fuel Consumption		Units	2014-15	2013-14
<b>1. Electricity</b>				
(A) Purchased				
-	Units	Kwh	30,67,020	31,51,592
-	Total Amount	Rs.in Lacs	231.99	289.60
-	Rate/Unit	Rs.	7.56	9.19
(B) Own Generator				
-	Through Diesel Generator Units	Kwh	160405	270903
-	Unit per litre of Diesel Oil	Kwh	2.94	2.70
-	Cost/Unit	Rs.	17.13	18.70
-	Through steam turbine/generator			
2. Other/Internal generation light/diesel oil/diesel oil/furnance oil				
(A) Quantity				
	Total Cost			-
	Average Rate			-
(B) Consumption Per unit of Production				
1) Electricity				
	Oral Care Products	Kwh/Per Unit	0.03	0.02
2) Through Diesel Generator				
	Oral Care Products	Kwh/Per Unit	0.03	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.

#### • 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 Organized and unorganized 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 Up gradation
- 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.

##### 3. Expenditure of R&D

S. No	Particulars	2013-14 - (Amount in Rs.)
(a)	Capital	NIL
(b)	Recurring	NIL
(c)	Total	NIL
(d)	Total R&D Expenditure as a percentage of total turnover	NIL



## INDEPENDENT AUDITOR'S REPORT

To the Members of

**JHS Svendgaard Laboratories Limited**

### Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of **JHS Svendgaard Laboratories Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

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

### Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to

fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

i) The Company has entered into "One Time Settlement" (OTS) of dues with its lender banks. As a result, the lenders have agreed to waive the principal amount on term loan facilities amounting to Rs. 30,82,89,217 and such amount is credited to Capital Reserve which is not in accordance with the Accounting Standard (AS) 5 on "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies". Further, the said treatment is not in line with the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India on accounting treatment of waiver of loan.

Had the said waiver of principal amount of loan been credited to the Statement of Profit and Loss instead of the credit in Capital Reserve Account, the loss for the year amounting to Rs. 22,13,91,633 would result in profit of Rs. 8,68,97,584 and deficit in the Statement of Profit & Loss under the head 'Reserves & Surplus' would have been Rs. 7,45,88,944 instead of Rs. 38,28,78,160 as stated.

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

### Qualified Opinion

In our opinion and to the best of our information and according

to the explanations given to us, except for the effect of the matter described in para (i) above and the possible effect of the matter described in para (ii) of the Basis for Qualified Opinion paragraph the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

#### Emphasis of Matters

We draw attention to the following notes on the financial statements:

- i) In the financial year 2012-13, as per the management's decision, the Company had written off its unrealizable trade receivables amounting Rs. 48,28,92,640 which were set-off against Securities Premium Account directly. This was subject to approval of the Hon'ble High Court of Himachal Pradesh for ratifying the said adjustment. The management has decided to withdraw the said application from the Hon'ble High Court. Accordingly, during the year the Company has reversed the treatment given in the earlier year for write off amounting to Rs. 48,28,92,640 by crediting Securities Premium Account and charged the same to the Statement of Profit and Loss as on March 31, 2015.
- ii) The management has explained the basis for recording provisions in respect of certain loans & advances which are doubtful of recovery. (Refer note 29(iv))
- iii) The management has explained the basis for write-back of long outstanding payables. (Refer note 29(vi)& note 36 (ii))

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and, except for matter described in the Basis for Qualified Opinion paragraph (ii) above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) On the basis of written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act;
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in Basis for Qualified Opinion paragraph above.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31(I) (c) to the financial statements.
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**S.K.Khattar**  
Partner  
M. No. 084993

Place: New Delhi  
Date: July 14, 2015





## Annexure to the Independent Auditor's Report

**Referred to in paragraph 1of the Independent Auditor's Report of even date to the members of JHS Svendgaard Laboratories Limited on the financial statements for the year ended March 31, 2015.**

(i) In respect of Fixed Assets

- (a) The Company has maintained proper records showing full particulars, including quantitative details except for situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all items over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.

(ii) In respect of Inventories

- (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable
- (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) According to the information and explanations given to us, the Company has granted interest free unsecured loans, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of such loans;

i) According to the information and explanations given to us, no repayment schedule has been specified and accordingly the question of regularity in repayment of principal amount wherever applicable does not arise. Further, as stated above these loan are interest free and repayment of interest does not arise.

iii) As stated above no repayment schedule have been specified and there are no overdue amounts in excess of Rs. one lacs.

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 fixed assets and sale of goods and services.

In our opinion and according to the information and explanations given to us, the internal control system with regard to purchase of inventory needs to be strengthened to commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct material weaknesses in the internal control system of the Company.

v) The Company has not accepted any deposit from public within the meaning of sections 73 to 76 of the Companies Act 2013and rules framed there under.

vi) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any of the products of the Company.

vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues generally have been deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31, 2015, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax or cess which have not been deposited on account of any dispute.

(c) As per the records of the Company and according to information and explanations given to us, no amount is required to be transferred to Investor Education and Protection Fund (IEPF) in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

viii) The accumulated losses of the Company at the year end are not more than fifty percent of its net worth. Further, the Company has incurred cash losses during the financial year and in the immediately preceding financial year. The effect of qualifications described in the Basis of Opinion paragraph in our Audit Report has not been given in the Standalone Financial Statements.

ix) In our opinion and according to the information and explanations given to us,the Company has defaulted in repayment of dues to financialinstitutions and banks.



However, in the month of March 2015, the Company had entered into One Time Settlement (OTS) with its lender banks to clear all the outstanding loans & interest thereon. Accordingly, as on date, the Company has paid all the dues towards OTS.

There were no dues to debenture holders.

- x) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- xi) According to the information and explanations given to us, no term loans have been obtained during the year. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

- xii) 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 material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

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

**S.K.Khattar**  
Partner  
M. No. 084993

Place: New Delhi  
Date: July 14, 2015

**BALANCE SHEET AS AT MARCH 31, 2015**

(Amount in Rs)

Notes	March 31, 2015	March 31, 2014	
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	240,952,520	240,952,520
Reserves and surplus	4	777,401,934	207,611,710
		<b>1,018,354,454</b>	<b>448,564,230</b>
<b>Deferred government grant</b>			
	5	1,800,000	2,100,000
Long term borrowings	6	1,062,970	131,930,027
Long term provisions	7	3,781,922	2,272,373
Other non Current liabilities	8	7,507,080	
		<b>12,351,972</b>	<b>134,202,400</b>
<b>Current Liabilities</b>			
Short term borrowings	9	184,633,525	328,100,454
Trade payables	10	116,919,431	53,660,109
Other current liabilities	11	186,098,959	754,642,090
Short term provisions	7	395,569	275,274
		<b>488,047,484</b>	<b>1,136,677,927</b>
<b>TOTAL</b>		<b>1,520,553,910</b>	<b>1,721,544,557</b>
<b>Fixed assets</b>			
- Tangible assets	12	1,077,422,465	1,207,441,184
- Intangible assets	12	1,067,874	411,523
- Intangible assets under development		316,012	316,012
Non-current investments	13	99,990	99,990
Long term loans and advances	14	196,501,389	219,428,586
Other non-current assets	15	764,740	2,210,198
		<b>1,276,172,470</b>	<b>1,429,907,493</b>
<b>Current assets</b>			
Inventories	16	90,126,767	58,193,450
Trade receivables	17	123,095,570	57,818,270
Cash and bank balances	18	9,569,790	23,415,226
Short term loans and advances	19	21,278,420	152,099,623
Other current assets	20	310,893	110,495
		<b>244,381,440</b>	<b>291,637,064</b>
<b>TOTAL</b>		<b>1,520,553,910</b>	<b>1,721,544,557</b>

Summary of significant accounting policies 2  
The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

Chartered Accountants  
FRN: 000050N

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

**S.K.Khattar**

Partner  
Membership no.: 084993

Place : New Delhi  
Date : 14.07.2015

**Nikhil Nanda**

Managing Director  
DIN : 00051501

**Dhiraj Kumar Jha**  
Company Secretary

**Vishal Sarad Shah**

Whole Time Director  
DIN : 07113784

**Neeraj Kumar**  
Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015**

(Amount in Rs)

	Notes	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>INCOME</b>			
Revenue from operations (Gross)	21	553,239,459	352,796,472
Less: Excise duty		-	-
Revenue from operations (Net)		553,239,459	352,796,472
Other income	22	8,589,053	38,083,900
<b>Total revenue</b>		<b>561,828,512</b>	<b>390,880,373</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	373,963,639	188,194,655
Purchase of traded goods		-	-
(Increase)/decrease in inventories of finished goods , traded goods and work-in-progress	24	30,029,181	18,318,455
Employee benefits expense	25	57,900,374	91,676,313
Finance costs	26	1,407,754	140,699,379
Depreciation, amortisation and impairment	27	123,463,255	146,991,144
Other expenses	28	129,783,747	93,117,602
<b>Total expenses</b>		<b>716,547,950</b>	<b>678,997,548</b>
<b>Profit/ (loss) before exceptional items, extra ordinary items, prior period items and tax</b>		<b>(154,719,438)</b>	<b>(288,117,176)</b>
Less: Exceptional items	29	65,313,567	64,697,438
Less: Prior period expense /( income) (net)	30	916,437	20,447
<b>Profit/ (loss) before tax</b>		<b>(220,949,442)</b>	<b>(352,835,061)</b>
Tax expense:			
- Current tax		-	-
- Deferred tax charge / (benefit) (Refer note 37)		-	(67,455,337)
- Tax for earlier years		442,191	2,578,100
Total tax expense		442,191	(64,877,237)
<b>Profit/ (loss) for the year</b>		<b>(221,391,633)</b>	<b>(287,957,824)</b>
Earnings/ (loss) per share	38		
(Nominal value Rs. 10/- share)			
- Basic and Diluted EPS ( Including extra ordinary item)		(9.19)	(11.95)
- Basic and Diluted EPS ( Excluding extra ordinary item)		(9.19)	(11.95)
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.			

As per our report of even date attached.

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

Chartered Accountants

FRN: 000050N

For and on behalf of the Board of Directors of  
**JHS Svendgaard Laboratories Limited****S.K.Khattar**

Partner

Membership no.: 084993

Place : New Delhi

Date : 14.07.2015

**Nikhil Nanda**

Managing Director

DIN : 00051501

**Dhiraj Kumar Jha**

Company Secretary

**Vishal Sarad Shah**

Whole Time Director

DIN : 07113784

**Neeraj Kumar**

Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

(Amount in Rs)

	<u>Year Ended March 31, 2015</u>	<u>Year Ended March 31, 2014</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before exceptional items, extra ordinary items, prior period items and tax	<b>(154,719,438)</b>	<b>(288,117,176)</b>
<b>Adjustments for:</b>		
Exceptional item:		
Trade receivable written off	(482,892,640)	-
Reversal of interest on the borrowings	161,067,550	-
Waiver of working capital facilities	249,920,869	-
Provision for doubtful trade receivables written back	123,794,001	(146,360,909)
Provision for doubtful advances	(122,136,992)	(72,838,186)
Provision for fines & penalties	(4,651,900)	-
Liabilities no longer required written back	9,585,544	154,501,657
Depreciation, amortisation and impairment	123,463,255	146,991,144
Interest income	(467,193)	(487,989)
Government grant amortisation (income)	(300,000)	(300,000)
Prior period expenses/(income) (net)	916,437	20,447
Provisions no longer required written back	(2,448,578)	(1,627,780)
Excess provision for gratuity written back	-	(1,176,931)
Excess provision for leave encashment written back	-	(406,752)
Loss/(profit) on sale of fixed assets	-	43,021
Provision for doubtful receivables (including exceptional items)	(123,794,001)	147,013,483
Trade receivable written off	482,892,640	-
Reversal of interest on the borrowings	(161,067,550)	-
Waiver of working capital facilities	(249,920,869)	-
Provision for fines & penalties	4,651,900	-
Liabilities no longer required written back (including exceptional items)	(9,585,544)	(154,741,592)
Advances written off	1,926,603	-
Security Deposit written off	5,406,970	-
Provision for doubtful loans and advances (including exceptional items)	122,689,107	72,892,580
Turnover discount	(180,775)	(27,944,011)
Provision for slow moving stock	3,989,549	1,313,770
Advances written off (Cenvat)	-	-
Prior period expenses/(income) (net)	(916,437)	-
Unrealised Loss (gain) on foreign currency receivables and payables	(693,000)	(18,633,096)
Unrealised Loss (gain) on foreign currency borrowings	-	31,280,839
Interest and financial charges	1,407,754	140,699,379
<b>Operating profit before working capital changes</b>	<b>(22,062,738)</b>	<b>(17,878,101)</b>
<b>Adjustment for:</b>		
Increase in inventories	(35,922,866)	1,194,899
Decrease in trade receivables	40,576,605	61,484,407
Decrease/ (increase) in short term loans and advances	7,249,635	6,747,537
Decrease in other current assets	-	-
Decrease in long term loans and advances	17,602,824	7,769,895
Decrease in other non-current assets	-	(1,528,977)
Increase/ (decrease) in trade payables	69,282,379	20,227,023
(Decrease)/increase in provisions	1,629,844	(696,584)
Increase in current liabilities	(8,742,795)	205,764,429
<b>Cash generated from operations</b>	<b>69,612,887</b>	<b>283,084,528</b>
Taxes paid	23,327	1,110,488
<b>Net cash generated from operating activities</b>	<b>69,589,560</b>	<b>281,974,040</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

(Amount in Rs)

	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	12,361,123	(4,172,316)
Movement in capital advances	-	27,848,300
Payment for intangibles under development	-	(203,652)
Sale of fixed assets	-	1,258,515
Maturity/( investment) of/ in deposits of more than three months	542,054	2,217,228
Purchase of investments	-	-
Decrease in investment on account of merger	-	-
Interest income received	253,583	487,989
<b>Net cash used in investing activities</b>	<b>13,156,760</b>	<b>27,436,064</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from/ (repayment of) long term borrowings	(143,784,952)	(3,901,013)
Dividend paid	90	-
Proceeds from/ (repayment of) short term borrowings	47,684,333	(147,056,641)
Interest and financial charges	(1,407,754)	(140,710,910)
<b>Net cash used in financing activities</b>	<b>(97,508,283)</b>	<b>(291,668,564)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>(14,761,963)</b>	<b>17,741,538</b>
Opening balance of cash and cash equivalents	20,968,758	3,227,220
Closing balance of cash and cash equivalents	<b>6,206,795</b>	<b>20,968,758</b>
Add: Deposits with original maturity of more than three months but realizable within 12 months from Balance sheet date	3,362,994	2,446,468
<b>Cash and bank balance (Refer note 18)</b>	<b>9,569,789</b>	<b>23,415,226</b>

Note:

- I. The accompanying notes form an integral part of the financial statements.  
 II. 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 S.N. Dhawan & Co.**

Chartered Accountants

FRN: 000050N

For and on behalf of the Board of Directors of  
**JHS Svendgaard Laboratories Limited****S.K.Khattar**

Partner

Membership no.: 084993

Place : New Delhi

Date : 14.07.2015

**Nikhil Nanda**

Managing Director

DIN : 00051501

**Dhiraj Kumar Jha**

Company Secretary

**Vishal Sarad Shah**

Whole Time Director

DIN : 07113784

**Neeraj Kumar**

Chief Financial Officer





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

### 1. BACKGROUND

JHS Svendgaard Laboratories Limited is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. 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 and exporting of oral care and hygiene products including toothbrushes, toothpastes, mouthwash, sanitizers and job work of detergent powder. The Company's shares are listed for trading on the National Stock Exchange and the Bombay Stock Exchange in India.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provision of the Companies Act, 2013 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 an accrual basis. The accounting policies have been consistently applied by the Company and consistent with those followed in the previous year.

#### b. 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 and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses. 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 recognized in the period in which the results are crystallized. Any revision to accounting estimates is recognized in the current and future periods.

#### c. Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the above criteria, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

#### d. Tangible assets

Tangible assets are stated at the cost of acquisition

or construction, less accumulated depreciation and impairment losses, if any. The cost of an item of tangible asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid towards acquisition of tangible assets outstanding at each Balance Sheet date, are shown under long-term loans and advances and cost of assets not ready for intended use before the year end are shown as capital work-in-progress.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

A tangible asset is eliminated from the financial statements on disposal or when no further economic benefit is expected from its use or disposal.

Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net realisable value and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

#### e. Intangible assets

An intangible asset is recognised when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured.

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. The cost of an item of intangible asset comprises its purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Cost of assets not ready for intended use before the year end, are shown as intangible assets under development.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net realisable value and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

#### f. Depreciation / Amortization

Depreciation on tangible assets except moulds and dies are provided on a pro-rata basis on Straight Line Method (SLM) based on the useful lives of assets specified in Part C of Schedule II of the Companies Act, 2013.

Based on internal assessment and technical evaluation, the management has assessed useful

lives of moulds and dies as five years, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Intangible assets comprising of computer software are amortized over a period of five years.

Depreciation and amortization on addition to fixed assets is provided on pro-rata basis from the date the assets are ready for use. Depreciation and amortization on sale/discard from fixed assets is provided for upto the date of sale, deduction or discard of fixed assets as the case may be.

All assets costing Rs. 5,000 or below are depreciated/amortized by a one-time depreciation/amortization charge in the year of purchase.

**g. Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

**h. Cash and cash equivalents**

Cash and cash equivalents comprise cash balances on hand, cash balance with bank, and highly liquid investments with original maturities, at the date of purchase/investment, of three months or less.

**i. Inventories**

i. Raw materials, packaging materials and stores and spare parts are valued at the lower of cost and net realizable value. Cost includes purchase price, taxes (excluding levies or taxes 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.

ii. Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realizable value. 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.

iii. Excise duty liability, wherever applicable, 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

iv. Provision for obsolescence on inventories is made on the basis of management's estimate based on demand and market of the inventories.

v. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

vi. The comparison of cost and net realisable value is made on an item by item basis.

**j. Revenue recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

**Sale of goods**

Revenue from sale of goods is recognized on transfer of significant risks and rewards of ownership to the customer. Revenue is net of excise duty, sales tax, value added tax and other applicable discounts and allowances.

**Interest income**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

**Dividend income**

Dividend is recognized when the right to receive the income is established.

**Export incentives**

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 recognized as revenue on accrual basis to the extent it is probable that realization is certain.

**Sale of scrap**

Revenue from sale of scrap is recognized when the significant risks and rewards of ownership of goods have passed to the buyer.

**Service income**

Service income includes job work and its revenue is recognized on completion of services, based on service contracts.

**Reimbursement Receipts**

Reimbursement income is recognized on accrual basis on the basis of contracts.

**k. Borrowing cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

**l. Foreign currency transactions**

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognized in the Statement of Profit and Loss. Non monetary assets and liabilities are recorded at the rates prevailing on the date of the transaction.

Translation of integral and non integral foreign operations.

The Company classifies its foreign operations as either "integral foreign operations" or "non integral foreign operations".

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operations have been those of the Company itself. The assets and liabilities (except share capital which is taken at historical cost) 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 average rates at the date of transaction. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment, at which time the accumulated amount is recognized as income or as expense.

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

**m. Investments**

Investments that are readily realizable 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. However that part of long term investments which is expected to be realized within 12 months after the reporting date is presented under "Current Assets" in consonance with current/non current classification scheme of Schedule III of Companies Act, 2013. The cost of an investment includes acquisition charges such as brokerage, fees and duties.

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

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

Any reduction in the carrying amount and any reversals of such reduction are charged or credited to the Statement of Profit and Loss. Profit or loss on sale of individual investment is determined on the basis of weighted average carrying amount of investment disposed off.

**n. Employee Benefits****Short term employee benefits:**

All employee benefits payable wholly within twelve months of receiving employee service are classified as short term employee benefits. These benefit includes salaries, wages, short term compensated absence and bonus etc and are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service.

**Long term employee benefits:****- Defined contribution plans: Provident Fund**

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate as per the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952. These contributions are made to the fund administered and managed by the Government of India.

**Defined contribution plans: Employee State Insurance**

Employees whose wages/salary is within the prescribed limit in accordance with the Employee State Insurance Act, 1948, are covered under this scheme. These contributions are made to the fund administered and managed by the Government of India.

The Company's contributions to these schemes are expensed off in the Statement of Profit and Loss. The Company has no further obligations under these plans beyond its monthly contributions.



**- Defined benefit plans: Gratuity**

The Company provides for retirement benefits in the form of Gratuity. Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan, are accounted for on the basis of an actuarial valuation as at the Balance Sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the Projected Unit Credit method and adjusted for past service cost. The resultant actuarial gain or loss on change in present value of the defined benefit obligation is recognised as an income or expense in the Statement of Profit and Loss.

**- Other long-term benefits: Leave benefits**

Benefits under the Company's leave benefits scheme constitute other employee benefits. The liability in respect of leave benefits is provided on the basis of an actuarial valuation done by an independent actuary at the end of the year. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

**o. Segment reporting**

**Identification of segments**

The Company's operating businesses are organized and managed separately according to the nature of product sold and service provided, with each segment representing a strategic business unit that offers different product/service. The analysis of geographical segments is based on geographical location of the customers.

**Allocation of common cost**

Common allocable costs are allocated to each segment according to relative contribution of each segment to the total common costs.

**Unallocated items**

Includes general corporate income and expense items which are not allocated to any business segment.

**Segment policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**p. Accounting for taxes on income**

Income 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 Income Tax Act, 1961.

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 laws enacted or substantially enacted as at the Balance Sheet date. Deferred tax assets are recognized for timing differences only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realized in future whereas, in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognized only if, there is virtual certainty of realization supported by convincing evidence. The carrying amount of deferred tax assets are reviewed at each Balance Sheet date.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**q. Government grant**

Government grants available to the enterprise are recognized when both the following conditions are satisfied:

- (a) where there is reasonable assurance that the enterprise will comply with the conditions attached to them; and
- (b) where such benefits have been earned by the enterprise and it is reasonably certain that the ultimate collection will be made.

Grants related to depreciable assets are treated as deferred income which is recognized in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the assets which is estimated as 10 years. Grants related to non-depreciable assets are credited to capital reserve.

**r. Provisions, contingent liabilities and contingent assets**

**Provision**

The Company creates a provision when there is present obligation as a result of a past event that

probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

#### **Contingent liabilities**

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

#### **Contingent assets**

Contingent assets are neither recorded nor disclosed in the financial statements.

#### **s. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax (and excluding 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 year, 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.

The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

#### **t. Leases**

##### **Operating lease**

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

##### **Finance lease**

Assets taken on finance lease are capitalized 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 to principal, i.e., 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.

#### **u. Material events**

Material events occurring after the Balance Sheet date are taken into cognizance.

### 3 : SHARE CAPITAL

The Company has only one class of equity shares having a par value of Rs.10/- per share referred to herein as equity share.

	As at March 31, 2015		As at March 31, 2014	
	Numbers	Amount in Rs	Numbers	Amount in Rs
<b>Authorised</b> "Equity shares of Rs.10/- each (March 31, 2014 : Rs. 10/- each) "	5,00,00,000	500,000,000	2,80,00,000	280,000,000
<b>Issued, Subscribed &amp; fully Paid up</b> " Equity shares of Rs.10/- each (March 31, 2014 : Rs. 10/- each) "	2,40,95,252	240,952,520	2,40,95,252	240,952,520

#### a) Reconciliation of the shares outstanding as at the beginning and at the end of the reporting period

Particulars	As at March 31, 2015		As at March 31, 2014	
	Numbers	Amount in Rs	Numbers	Amount in Rs
At the beginning of the year	2,40,95,252	240,952,520	24,095,252	240,952,520
Add : Shares issued during the year	-	-	-	-
At the end of the year	2,40,95,252	240,952,520	2,40,95,252	240,952,520

#### b) Terms / rights attached to equity shares

Voting :

Each holder of equity share is entitled to one vote per share held."

"Dividends:

The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case where interim dividend is distributed. During the year ended March 31, 2015 and March 31, 2014, no dividend has been declared by the Company."

"Liquidation:

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such distribution amount will be in proportion to the number of equity shares held by the shareholders."

#### c) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

65,45,245 equity shares issued to the shareholders of merged entities pursuant to the scheme of amalgamation in the financial year 2012-13

#### d) Detail of shareholders holding more than 5% shares in the company

	Numbers	As at March 31, 2015		As at March 31, 2014		
		% held	Amount in Rs	Numbers	% held	Amount in Rs
Nikhil Nanda	88,10,774	36.57%	88,107,740	88,10,774	36.57%	88,107,740
Tano Mauritius India FVCI	34,99,999	14.53%	34,999,990	34,99,999	14.53%	34,999,990





**4 : RESERVES AND SURPLUS**

(Amount in Rs)

	As at March 31, 2015	As at March 31, 2014
<b>4.1 Capital reserves</b>		
Opening balance	24,112,040	24,112,040
Add: Amount transferred on account of waiver of term loan ( Refer note no. 29(ii) )	308,289,217	-
<b>Closing balance (A)</b>	<b>332,401,257</b>	<b>24,112,040</b>
<b>4.2 Securities premium account</b>		
Opening balance	344,318,448	344,318,448
Add: Amount utilized earlier towards setting off non recoverable trade receivables (Refer note no. 29(i) )	482,892,640	-
<b>Closing balance (B)</b>	<b>827,211,088</b>	<b>344,318,448</b>
<b>4.3 General reserves</b>		
Opening balance	667,750	667,750
Add: Addition during the year		
<b>Closing balance (C)</b>	<b>667,750</b>	<b>667,750</b>
<b>4.4 Surplus/ (deficit) in the Statement of Profit and Loss</b>		
Opening balance	(161,486,527)	126,471,297
Less: Loss for the year transferred from the Statement of Profit and Loss	(221,391,633)	(287,957,824)
Closing balance (D)	<b>(382,878,160)</b>	<b>(161,486,527)</b>
<b>Total (A+B+C+D)</b>	<b>777,401,935</b>	<b>207,611,710</b>

**5 : DEFERRED GOVERNMENT GRANT**

	As At March 31, 2015	As At March 31, 2014
Opening balance (Refer footnote 5.1)	2,100,000	2,400,000
Less: Current year amortisation over the balance useful life of the assets (Refer note 22)	300,000	300,000
<b>Closing balance</b>	<b>1,800,000</b>	<b>2,100,000</b>

5.1 In the financial year ended March 31, 2012, the Company had received capital subsidy under the Central Capital Investment Subsidy Scheme, 2003 of the Government of India. The subsidy received is being amortised over the useful life of the assets which is estimated as 10 years.

**6 : LONG TERM BORROWINGS**

	Non-current portion		Current maturities	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>Secured</b>				
Indian rupee loan from banks (Term loan)	-	12,93,21,073	-	77,720,000
Vehicle loans	1,062,970	2,608,954	1,546,192	2,285,160
	1,062,970	131,930,027	1,546,192	80,005,160
" Amount disclosed under the head other Current liabilities ( Refer note 11)	-	-	(1,546,192)	(80,005,160)
<b>Net total amount</b>	<b>1,062,970</b>	<b>131,930,027</b>	<b>-</b>	<b>-</b>



## 6.1 Details of security, and repayment terms of One Time Settlement with ICICI Bank / Bank of India (lender banks) \*

### Security

- a. Pari passu charge on movable and non-movable fixed assets being financed by the facility.
- b. Pari passu charge on uncharged net block and on current assets of the company.
- c. Pari passu charge and Equitable mortgage on the following properties of the Company with Banks
  - i. Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas.
  - ii. Khasra no.89 measuring 4.18 bighas.
  - iii. Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas.
  - iv. Khata no. 85/1, measuring 4 bighas.
  - v. Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala-Amb, Tehsil Nahan, District, Sirmour, HP (total land measuring 19.04 bighas) in the name of Company
  - vi. Equitable mortgage of free hold project land measuring in Khata Khatauni no. 19 min/20 min, and Khasra no 86 measuring 3-3 bighas, Khata Khatauni no 21/22, Khasra No. 417/67, measuring 3 bigha khata khatauni no 23/24, Khasra no 173/60 measuring 2-18 bighas 3 kites, total measuring 9-1 bighas, situated at Mauza Kheri, Tehsil Nahan, District – Sirmour, Himachal Pradesh.
- d. Personal gurantee of Mr. Nikhil Nanda limited to the value of 47,04,446 shares of the Company

\* Refer Note No. 29 (ii)

## 6.2 Details of security, and principal repayment terms of Vehicle loans

Vehicle loans	<b>Rate of interest</b>	Interest rate is in the range of 8% p.a to 12% p.a.
	<b>Repayment terms</b>	Repayable within a period of 60 months.
	<b>Security</b>	Respective assets are hypothecated against the loans taken to acquire such vehicles.

## 7 : PROVISIONS

	Long Term		Short Term	
	As at March 31,2015	As at March 31, 2014	As at March 31,2015	As at March 31, 2014
Provisions for employees benefits				
Provision for gratuity (Refer note 33)	2,981,830	1,761,986	204,069	148,966
Provision for leave benefits (Refer note 33)	800,092	510,387	191,500	126,308
	<b>3,781,922</b>	<b>2,272,373</b>	<b>395,569</b>	<b>275,274</b>

## 8 : OTHER NON CURRENT LIABILITIES

	(Amount in Rs)	
	As at March 31, 2015	As at March 31, 2014
Payable for capital goods	7,507,080	-
	<b>7,507,080</b>	<b>-</b>

## 9 : SHORT TERM BORROWINGS

	As at March 31,2015	As at March 31, 2014
<b>Secured</b>		
Cash Credit from banks in Indian rupee	-	191,151,262
<b>Unsecured</b>		
Interest free loan from related parties repayable on demand (Refer note 35)	164,633,525	136,949,192
Inter corporate Deposit	20,000,000	-
	<b>184,633,525</b>	<b>328,100,454</b>

**10. TRADE PAYABLES\***

	As at March 31,2015	As at March 31, 2014
Trade payables	116,814,149	53,660,109
Trade payables to related party	105,282	-
	<b>116,919,431</b>	<b>53,660,109</b>

\*Refer note 41 for details of dues to Micro Small & Medium Enterprises

**11 : OTHER CURRENT LIABILITIES**

	As at March 31,2015	As at March 31, 2014
Current maturities of long-term debt (Refer note 6)	1,546,192	80,005,160
Overdue principal of ICICI Bank	-	442,507,333
Due towards One Time Settlement with banks	-	-
Bank Of India	68,500,000	-
ICICI Bank	72,502,445	-
Interest accrued and due on borrowings	-	156,921,159
Interest accrued but not due on borrowings	19,886	4,183,346
Book overdraft	2,502,463	11,768,581
Payable for capital goods (Refer note 41 for details of dues to Micro Small & Medium Enterprises)	6,839,346	25,608,187
Advances received from customers	3,264,660	19,755,118
Advance received from related party	1,455,292	-
Unclaimed dividend*	167,602	167,691
Statutory dues	2,128,762	1,576,429
Expenses payable (Refer note 41 for details of dues to Micro Small & Medium Enterprises)	11,416,113	4,323,697
Payable to employees	9,756,198	7,004,659
Other liabilities	6,000,000	820,730
	<b>186,098,959</b>	<b>754,642,090</b>

\*There are no amounts due for payments to the Investor Education and Protection Fund.

**12: FIXED ASSETS**

Particulars	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION & AMORTIZATION				NET BLOCK	
	As at April 1, 2014	Additions	Disposals/adjustments*	As at March 31, 2015	As at April 1, 2014	Depreciation & amortization for the year	Disposals/adjustments	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Own assets:										
Tangible assets										
Freehold Land	46,354,701	-	-	46,354,701	-	-	-	-	46,354,701	46,354,701
Factory Building	313,237,381	-	15,378,904	297,858,477	42,636,163	6,966,187 *	-	49,602,349	248,256,127	270,601,218
Office Building	17,116,367	-	-	17,116,367	1,605,641	604,418	-	2,210,060	14,906,308	15,510,726
Plant & Machinery	955,635,428	11,400,099	2,881,335	964,154,192	277,748,459	55,687,525 *	-	333,435,984	630,718,209	677,886,965
Mould & Dies	283,178,418	83,600	-	283,262,018	183,681,067	36,361,784	-	220,042,851	63,219,167	99,497,351
Electronic Equipment	86,075,237	-	-	86,075,237	27,656,199	10,079,479	-	37,735,678	48,339,559	58,419,038
Lab Equipment	1,020,211	-	-	1,020,211	272,866	109,870	-	382,735	637,476	747,345
Furniture & fixture	22,695,499	-	-	22,695,499	7,922,782	2,996,099	-	10,918,881	11,776,618	14,772,717
Office Equipment	14,733,037	6,394	-	14,739,431	6,013,062	6,222,739	-	12,235,802	2,503,630	8,719,975
Vehicle	22,057,731	-	-	22,057,731	8,241,668	3,372,281	-	11,613,949	10,443,783	13,816,064
Computer	3,415,614	-	-	3,415,614	2,353,336	835,320	-	3,188,656	226,958	1,062,278
Computer network	82,687	-	-	82,687	29,881	12,877	-	42,758	39,929	52,806
Total Tangible assets	1,765,602,311	11,490,093	18,260,239	1,758,832,165	558,161,123	123,248,576	-	681,409,701	1,077,422,465	1,207,441,184
Previous year	1,762,927,594	4,172,316	1,497,598	1,765,602,311	411,843,509	146,504,306	196,062	558,161,123	1,207,441,184	-
Own assets:										
Intangible assets										
Computer software	5,904,923	871,030	-	6,775,953	5,493,400	214,679	-	5,708,079	1,067,874	411,523
Total Intangible assets	5,904,923	871,030	-	6,775,953	5,493,400	214,679	-	5,708,079	1,067,874	411,523
Previous year	5,904,923	-	-	5,904,923	5,015,937	486,838	-	5,493,400	411,523	-

Note : due to the change in the category of assets as per schedule II of companies act 2013 the previous years figures have been reclassified wherever applicable.

\* Refer Note no. 36(ii)

**13 : NON CURRENT INVESTMENTS****Unquoted, Non-trade investments (valued at cost unless stated otherwise)**

	As at March 31, 2015	As at March 31, 2014
		(Amount in Rs)
Investment in subsidiaries		
JHS Svendgaard Dental Care Limited		
3,89,901 (Previous Year 3,89,901) fully paid up equity shares of face value of Rs 10 each	3,899,010	3,899,010
Less : Provision for dimunition in value of investment	(3,899,010)	(3,899,010)
	-	-
Jones H Smith FZE, U.A.E.		
1 fully paid equity share (Previous Year 1) of face value of 100,000 Arab Emirates Dirham	1,088,330	1,088,330
Less : Provision for dimunition in value of investment	(1,088,330)	(1,088,330)
	-	-
JHS Mechanical and Warehousing Private Limited		
9,999 (Previous Year 9,999) fully paid up equity shares of face value of Rs 10 each	99,990	99,990
	<b>99,990</b>	<b>99,990</b>

Aggregate amount of quoted investments and market value thereof- Rs Nil (Previous Year Rs Nil)

Aggregate amount of unquoted investments - Rs 5,087,330 (Previous Year Rs 5,087,330)

Aggregate provision for dimunition in value of investments - Rs 4,987,340 (Previous Year Rs 4,987,340)

There is no restriction on the rights of ownership, realisability of investments or the remittance of income and proceeds of disposal.


**14 : LONG TERM LOANS AND ADVANCES**  
**(Unsecured and considered good unless stated otherwise)**

	As at March 31, 2015	(Amount in Rs) As at March 31, 2014
Security deposit	958,979	7,277,815
Capital advances:		
-Considered good	58,510,332	57,973,871
-Considered doubtful	73,023,078	73,683,415
	131,533,410	131,657,286
Less: Provision for doubtful capital advances	(73,023,078)	(73,683,415)
	58,510,332	57,973,871
Advance tax including tax deducted at source (Net of provisions for income tax Rs Nil) (March 31,2014: Rs 67,19,106)	7,322,301	7,741,165
Loans and advances to related parties (Refer note 35)		
-Considered good	129,639,653	146,365,611
-Considered doubtful	1,944,167	1,909,167
	131,583,820	148,274,778
Less: Provision for doubtful advances to related parties	(1,944,167)	(1,909,167)
	129,639,653	146,365,611
Loans and advances to others		
-Considered doubtful	8,273,024	8,273,024
Less: Provision for doubtful advances to others	(8,273,024)	(8,273,024)
	-	-
Deposits with excise authorities	70,124	70,124
	<b>196,501,389</b>	<b>219,428,586</b>

**15 : OTHER NON-CURRENT ASSETS**

	As at March 31, 2015	(Amount in Rs) As at March 31, 2014
Deposits with Banks having maturity period of more than twelve months*	568,368	2,027,038
Interest accrued on non current fixed deposits	196,372	183,160
	<b>764,740</b>	<b>2,210,198</b>

\*includes pledged & margin money deposits with various government authorities amounting to Rs. 5,68,368 ( Previous year Rs. 15,63,061)

**16 : INVENTORIES**
**(Valued at lower of cost and net realisable value)**

	As at March 31, 2015	As at March 31, 2014
Raw material (includes in transit Rs. 4,92,886 (Previous year NIL)	40,794,823	31,635,025
Packing material	40,333,089	9,142,810
Work-in-progress	9,499,687	16,369,104
Finished goods	13,694,035	6,464,031
Stores and spares	88,601	5,283,180
	104,410,235	68,894,150
Less: Provision for obsolete stock	14,283,468	10,700,700
	<b>90,126,767</b>	<b>58,193,450</b>

16.1 Finished goods include excise duty amounting to Rs Nil (Previous Year 50,278)


**17 : TRADE RECEIVABLES\***  
**(Unsecured and considered good unless stated otherwise)**

	As at March 31, 2015	As at March 31, 2014
(a) Outstanding for a period exceeding six months from the date they were due for payment		
Considered good	68,584,044	20,246,889
Considered doubtful	23,219,482	147,013,483
	<u>91,803,526</u>	<u>167,260,372</u>
Less: Provision for doubtful debts	(23,219,482)	(147,013,483)
	<u>68,584,044</u>	<u>20,246,889</u>
(b) Other receivables		
Considered good	54,511,526	37,571,381
<b>Total (a+b)</b>	<b><u>123,095,570</u></b>	<b><u>57,818,270</u></b>

\* Includes amount due from related parties (Refer note 35)

**18 : CASH AND BANK BALANCES**

	As at March 31, 2015	As at March 31, 2014
Cash on hand	2,211,552	56,629
Balances with banks in :		
current accounts	2,355,079	20,042,779
term deposits with original maturity of 3 months or less*	1,640,165	869,350
<b>Total (a)</b>	<b><u>6,206,796</u></b>	<b><u>20,968,758</u></b>
Other bank balances		
Term deposits with original maturity of more than 3 months but less than 12 months*	3,195,393	2,278,777
Unpaid dividend	167,601	167,691
<b>Total (b)</b>	<b><u>3,362,994</u></b>	<b><u>2,446,468</u></b>
<b>Total (a+b)</b>	<b><u>9,569,790</u></b>	<b><u>23,415,226</u></b>

\* includes pledged & margin money deposits with various government authorities amounting to Rs. 34,74,430 ( Previous year Rs. 18,34,232)

**19. SHORT TERM LOANS AND ADVANCES**  
**(Unsecured and considered good unless stated otherwise)**

	As at March 31, 2015	(Amount in Rs) As at March 31, 2014
Loans and advances to employees	115,205	464,596
Balances with statutory/government authorities		
Service tax receivable	3,976	3,976
Value Added tax	7,143,797	6,322,358
Prepaid expenses	685,418	538,110
Advance to suppliers		
Considered good	13,330,024	3,633,591
Considered doubtful	332,223	824,250
Less: Provision for doubtful advances	<u>(332,223)</u>	<u>(824,250)</u>
	13,330,024	3,633,591
Loans and advances to corporates and others		
Considered good	-	141,136,992
Considered doubtful	122,136,992	-
Less: Provision for doubtful advances	<u>(122,136,992)</u>	<u>-</u>
	-	141,136,992
	<b><u>21,278,420</u></b>	<b><u>152,099,623</u></b>



**20 : OTHER CURRENT ASSETS**

	As at March 31, 2015	As at March 31, 2014
Interest accrued but not due on fixed deposits with banks	310,893	110,495
	<b>310,893</b>	<b>110,495</b>

**21. REVENUE FROM OPERATIONS**

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
<b>Revenue from operations</b>		
Sale of manufactured goods (Refer note 42 and 35)	544,499,241	316,177,333
Service income-job work	-	33,157,920
	<b>544,499,241</b>	<b>349,335,253</b>
<b>Other operating revenue</b>		
Reimbursement of expenses	-	2,654,816
Scrap sales	3,173,225	806,403
Sale of packing material/raw material	5,566,993	-
	<b>553,239,459</b>	<b>352,796,472</b>
<b>Revenue from operations (gross)</b>		
Less: Excise duty (Refer footnote 21.1)	-	-
<b>Revenue from operations (net)</b>	<b>553,239,459</b>	<b>352,796,472</b>

21.1 There is no production in taxable units of the Company in current and previous year hence excise duty is nil.

**22. OTHER INCOME**

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
Interest income on fixed deposits	467,193	487,989
Provision no longer required written back	2,448,578	1,627,780
Excess provision for gratuity written back (Refer note 33)	-	1,176,931
Excess provision for leave encashment written back (Refer note 33)	-	406,752
Government grant (Refer note 5)	300,000	300,000
Foreign exchange gain (net)	474,793	3,604,904
Freight and forwarding recovered (net)	1,200,610	2,248,828
Liability no longer required written back	-	239,935
Turnover and other discounts	180,775	27,944,011
Sale of obsolete stock	1,979,440	-
Bad Debts Recovered	1,500,000	-
Miscellaneous income	37,664	46,770
	<b>8,589,053</b>	<b>38,083,900</b>

**23. COST OF MATERIALS CONSUMED**

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
Cost of raw materials consumed		
Stock at the beginning of the year	31,635,025	25,381,194
Add: Purchases	243,587,582	151,181,589
	<b>275,222,607</b>	<b>176,562,783</b>
Less: Stock at the end of the year	40,794,823	31,635,025
	<b>234,427,784</b>	<b>144,927,758</b>
Cost of packing materials consumed		
Stock at the beginning of the year	9,142,810	8,057,616
Add: Purchases	170,726,134	44,352,091
	<b>179,868,944</b>	<b>52,409,707</b>
Less: Stock at the end of the year	40,333,089	9,142,810
	<b>139,535,855</b>	<b>43,266,897</b>
	<b>373,963,639</b>	<b>188,194,655</b>

**24. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
Finished Goods		
At the beginning of the year	6,464,031	5,243,744
Less: At the end of the year	13,694,035	6,464,031
	<b>(7,230,006)</b>	<b>(1,220,287)</b>
Work-in-progress		
At the beginning of the year	16,369,104	26,291,336
Add: Purchases	30,389,770	9,616,510
Less: At the end of the year	9,499,687	16,369,104
	<b>37,259,187</b>	<b>19,538,742</b>
	<b>30,029,181</b>	<b>18,318,455</b>

**25. EMPLOYEE BENEFITS EXPENSE**

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
Salaries, wages, bonus and other allowances	52,843,706	89,058,233
Contribution to provident and other funds (Refer note 33)	2,190,437	1,826,707
Workmen and staff welfare expenses	1,141,120	791,373
Gratuity (Refer note 33)	1,289,659	-
Leave encashment (Refer note 33)	435,452	-
	<b>57,900,374</b>	<b>91,676,313</b>

**26. FINANCE COST**

	Year Ended March 31, 2015	(Amount in Rs) Year Ended As at March 31, 2014
Interest expense	1,374,412	123,733,140
Other borrowing cost (loan processing fee/other charges)	-	125,363
Interest on delay in deposit of statutory dues	33,342	12,874
Exchange differences to the extent considered as an adjustment to borrowing cost	-	16,828,002
	<b>1,407,754</b>	<b>140,699,379</b>

**27. DEPRECIATION & AMORTISATION EXPENSES**

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
Depreciation of tangible assets*	123,248,576	146,504,306
Amortisation of intangible assets	214,679	486,838
	<b>123,463,255</b>	<b>146,991,144</b>

\* Refer Note No 36(i) &amp; 36(ii)

**28. OTHER EXPENSES**

	<b>Year Ended March 31, 2015</b>	<b>Year Ended As at March 31, 2014</b>
Consumption of stores and spares	9,541,535	1,231,130
Power and fuel	26,444,585	25,831,007
Rent (Refer note 35)	2,891,581	3,457,755
Advertisement expenses	965,874	363,061
Bank charges	243,573	682,555
Business promotion expenses	2,744,707	2,126,341
Brand promotion expenses	177,037	264,355
Repairs and maintenance		
Plant and machinery	5,913,418	6,531,933
Building	1,494,001	643,613
Others	3,599,188	2,009,596
Provision for doubtful loan and advances	552,115	54,394
Provision for doubtful receivable	-	652,574
Provision for slow moving inventories	3,989,549	1,313,770
Freight and cartage outward	2,672,981	754,976
Insurance	792,997	1,143,118
Legal and professional fees	17,714,600	13,519,771
Rates and taxes	2,717,041	1,552,443
Telephone and postage	1,248,655	1,483,286
Printing and stationery	765,285	436,645
Travelling and conveyance expenses	14,867,064	8,766,919
Loss on sale of fixed assets (net)	-	43,021
Directors' sitting fees	60,000	177,777
Job work charges	14,606,659	12,962,885
Testing charges	17,128	151,692
Auditor's remuneration (Refer note 40)	1,170,675	1,066,820
Office maintenance	3,193,354	3,215,087
Advances written off	1,926,603	-
Security deposit written off	5,406,970	-
Miscellaneous expenses	4,066,572	2,681,079
	<b>129,783,747</b>	<b>93,117,602</b>



## 29. EXCEPTIONAL ITEMS

	Year Ended March 31, 2015	(Amount in Rs) Year Ended As at March 31, 2014
(a) Trade receivable written off (refer foot note no. i )	482,892,640	-
(b) Reversal of Interest on the borrowings (refer foot note no. ii)	(161,067,550)	-
(c) waiver of working capital facilities ( refer foot note no. ii)	(249,920,869)	-
(d) Provision for doubtful trade receivables written back ( refer foot note no. iii)	(123,794,001)	146,360,909
(e) Provision for doubtful advances ( refer foot note no. iv)	122,136,992	72,838,186
(f) Provision for fines & penalties ( refer foot note no. v)	4,651,900	-
(g) Liabilities no longer required written back ( refer foot note no. vi)	(9,585,544)	(154,501,657)
	<b>65,313,567</b>	<b>64,697,438</b>

- (i) In the financial year 2012-13, as per the management's decision, the Company had written off its unrealizable trade receivables amounting Rs. 48.28 crores which were set-off against Securities Premium Account directly. This was subject to approval of the application made to the Hon'ble High Court of Himachal Pradesh for ratifying the said adjustment. The management has decided to withdraw the said application from the Hon'ble High Court. Accordingly, during the year the Company has reversed the treatment given in the earlier year for write off amounting to Rs. 48.28 crores by crediting Securities Premium Account and charged the same to the Statement of Profit and Loss as on March 31, 2015.
- (ii) During the year ended on March 31, 2015, the Company has entered into "One Time Settlement" (OTS) of dues with its lender banks to clear all the outstanding loans & interest thereon. As per the terms of the OTS the Company was required to pay Rs. 23.50 crores as the OTS amount before 30.06.2015  
As a result of OTS, the unpaid interest on borrowings outstanding as on March 31, 2014 has been reversed and credited to the statement of profit and loss. Further, the waiver under OTS has been proportionately apportioned between the outstanding liabilities towards the various working capital facilities and term loan as detailed under:  
– the waiver amount on account of working capital facilities has been credited to the Statement of Profit and Loss ;  
– the waiver amount on account of term loan facilities amounting to Rs. 30.82 crores has been credited to Capital Reserve directly being in the nature of capital receipt.  
As on the date of signing of the result the Company has made the entire payments as per the terms of the OTS agreed with the banks & consequently the banks has also issued no dues certificates to the Company. Consequently the banks has released the charges on the assets of the Company and withdrawn the proceedings from debt recovery tribunal.
- (iii) As on date, the Company has realised its foreign trade receivables which were outstanding since long and against which the Company had made provisions in the earlier year. Consequently, the provision equal to amount recovered has been written back in the financial statements of current year.
- (iv) During the year, the Company as part of its regular recoverability evaluation process has identified certain loans & advances and capital advances which were doubtful of recovery or did not have recoverable value equivalent to the book value. Accordingly, on a prudent basis, the management has recorded a provision of Rs. 12.21 crores (previous year Rs. 7.28 crores ) in the books of account towards such advances or portions thereof, which were doubtful of recovery. The management is continuously monitoring the settlement of these balances and is regularly following up with respective parties for recovery of the said advances. The management believes that other advances which have not been provided for, although have been long outstanding are fully recoverable, hence, the management believes that existing provision recorded in books is sufficient to cover any possible future losses on account of non recovery of such advances.
- (v) The Company was unable to publish its quarterly financial results within the time as specified under clause 41 of the listing agreement due to some unforeseen reasons beyond the control of the Company. The Company has provided penalty amounting to Rs. 0.47 Crore levied by the Stock Exchanges (i.e. BSE & NSE) from the date of default i.e. 15.08.2014 to 31.03.2015 for non compliance of clause 41 of the listing agreement.
- (vi) During the year, the Company carried out a detailed exercise to review its long outstanding payables and pursuant to such exercise, has written back an amount of Rs 0.96 Crore payable to various parties as in the opinion of the management such amounts were not payable to respective parties. Such old unpaid balances were mainly due to the fact that certain vendors had supplied less than billed quantity, defective or sub-standard material or material not meeting specifications given by the Company. The management does not expect any liability to devolve on the Company in respect of balances so written back.

## 30. PRIOR PERIOD EXPENSE (NET)

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
Conveyance expenses	-	20,447
Legal and professional expenses	916,437	-
	<b>916,437</b>	<b>20,447</b>



### 31. Contingent liabilities

I. Claims against the Company not acknowledged as debts:

- a. Sales tax demand for non-submission of statutory forms for the year 2007-08 amounting to Rs Nil (March 31,2014 Rs 4,73,011)
- b. Winding up petition filed against the Company amounting to Rs Nil (March 31,2014 Rs 12,00,000)
- c. Matters under litigation
  - i. The Company is a party to various legal proceedings in the normal course of business. The Company's pending proceedings/ litigations comprise of claims against the Company by employees, vendors & customers amounting to Rs 3,05,78,000 (March 31,2014 Rs 14,61,000). The said claims however are disputed by the Company and the Company has also filed its counter claims. The Company has reviewed all its pending proceedings and litigations and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements.
  - ii. One of the major customers of the Company has wrongfully decided not to renew / terminate the contracts across all the business segments due to which certain assets got idle. However, in order to safeguard the interest of the shareholders, the Company has been pursuing litigation and has sought specific performance of the contract as well against these arbitrary and unjust acts of the multinational Company. The Company has filed various suits against the said customer amounting to Rs 6,29,99,80,817 and vice versa said customer has also filed counter claims against the Company amounting to Rs 2,06,14,52,365.

II. Others

Bank Guarantee issued by banks amounting to Rs 69,10,605 (March 31,2014 Rs 1,19,10,605 ).

The Company does not expect the outcome of these proceedings and litigations to have a material adverse effect on the Company's financial conditions, results of operation or cash flows.

### 32. Capital commitments:

Particulars	March 31, 2015	(Amount in Rs) March 31, 2014
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances Rs. 5,79,39,463 (March 31, 2014: Rs. 5,79,39,463).	21,61,20,545	21,58,54,537
<b>Total</b>	<b>21,61,20,545</b>	<b>21,58,54,537</b>

### 33. Employee benefit obligations

As per Accounting Standard 15 "Employee Benefits" the disclosures relating to employee benefits obligations defined in the Accounting Standard are given below:

- a) **Defined contribution plan** - Employer's contribution to provident fund and Employees' State Insurance Scheme recognized as expense in the Statement of Profit and Loss for the year are as under:

Particulars	Year ended March 31, 2015	(Amount in Rs) Year ended March 31, 2014
Contribution to Provident fund*	16,91,745	13,35,986
Contribution to Employees' State Insurance Scheme*	4,98,643	4,90,721
<b>Total</b>	<b>21,90,388</b>	<b>18,26,707</b>

\*Included in contribution to provident and other funds under employee benefit expenses (Refer Note 25)

b) **Defined benefit plan**

**Gratuity** - The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit (PUC) method, which recognizes 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.

**Leave benefits** - Provision for leave benefits is made by the Company on the basis of actuarial valuation using the Projected Unit Credit (PUC) method.

**I. Actuarial assumptions**

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
<b>Economic assumptions:</b>				
Discount rate (p.a.)	7.80%	9.10%	7.80%	9.10%
Rate of escalation in salary (p.a.)	7.00%	7.00%	7.00%	7.00%
Rate of availing leave in the long run (p.a.)	-	-	11.00%	11.00%
<b>Demographic assumptions:</b>				
Retirement age	58 Years			
Mortality table (IALM)	IALM(2006-08) (March 31 2014 IALM 2006-08)			
Withdrawal rates (All ages)	7.00%			

**Note:**

The discount rate has been assumed at 7.8% (March 31, 2014: 9.10%) which is determined by reference to market yield at the Balance Sheet date on Government Securities. 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.

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

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Defined benefit obligation at the beginning of the year	19,10,952	31,80,443	6,36,695	16,47,471
Interest cost	1,73,897	2,57,616	57,939	1,33,445
Past service cost	-	-	-	-
Current service cost	11,23,918	4,60,123	1,52,528	1,09,135
Curtailment cost/(credit)	-	-	-	(58,449)
Actuarial (gain)/loss on obligation	(8,156)	(18,94,670)	2,24,985	(5,90,883)
Benefits paid	(14,712)	(92,560)	(80,555)	(6,04,024)
Present value of obligation at the end of the year	31,85,899	19,10,952	9,91,592	6,36,695
Short term provisions (Refer note 7)	2,04,069	1,48,966	1,91,500	1,26,308
Long term provisions (Refer note 7)	29,81,830	17,61,986	8,00,092	5,10,387

**III. Expense recognized during the year****(Amount in Rs)**

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Current service cost	11,23,918	4,60,123	1,52,528	1,09,135
Interest cost	1,73,897	2,57,616	57,939	1,33,445
Curtailment cost/(credit)	-	-	-	(58,449)
Net Actuarial (gain)/loss recognized	(8156)	(18,94,670)	2,24,985	(5,90,883)
Expenses/ (income) recognized in the Statement of Profit and Loss (Refer note 25)	12,89,659	(11,76,931)	4,35,452	(4,06,752)



**IV. Amount for current and previous periods on account of experience adjustment**

(Amount in Rs)

Particulars	Gratuity (Unfunded)				
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011
Present value of obligation	31,85,899	19,10,952	31,80,443	25,95,767	8,70,838
Deficit	(31,85,899)	(19,10,952)	(31,80,443)	(25,95,767)	(8,70,838)
Experience gain/ (loss) on present benefit obligation	3,82,841	17,08,615	12,89,250	(9,15,941)	6,45,937

Particulars	Leave benefits (Unfunded)				
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011
Present value of obligation	9,91,592	6,36,695	16,47,471	10,95,094	-
Deficit	(9,91,592)	(6,36,695)	(16,47,471)	(10,95,094)	-
Experience gain/ (loss) on Present Benefit Obligation	(1,73,060)	6,91,759	4,57,773	27,721	-

V. Employer's best estimate of contribution towards gratuity during the next year is Rs.15,71,745 (March 31, 2014: Rs. 7,47,415 )

Employer's best estimate of contribution towards leave benefits during the next year is Rs.3,27,161 (March 31, 2014: Rs. 2,34,033)

**34. Segment reporting**

The disclosures as required by Accounting Standard -17 "Segment Reporting" are as under:

Particulars	March 31, 2015	March 31, 2014
<b>A SEGMENT REVENUE</b>		
i) Full service goods based-contract manufacturer - Oral care	49,01,87,526	29,62,45,647
ii) Manufacturing sale- Oral care	6,30,51,933	2,07,38,089
iii) Job work – Oral care and hygiene care	-	3,58,12,736
<b>Total</b>	<b>55,32,39,459</b>	<b>35,27,96,472</b>
<b>B SEGMENT RESULTS</b>		
i) Full service goods based-contract manufacturer - Oral care #	(18,14,81,550)	(14,59,22,842 )
ii) Manufacturing sale- Oral care #		
iii) Job work – Oral care and hygiene care	(3,71,43,701)	(6,61,92,394)
<b>Total</b>	<b>(21,86,25,251)</b>	<b>(21,21,15,236)</b>
Less :		
Finance Costs	14,07,754	14,06,99,379
Prior period Expense	9,16,437	20,447
<b>Total profit before Tax and Extraordinary Items</b>	<b>(22,09,49,442 )</b>	<b>(35,28,35,062)</b>
<b>C Capital expenditure</b>		
i) Full service goods based-contract manufacturer - Oral care #	16,36,702	42,67,898
ii) Manufacturing sale- Oral care #		
iii) Job work – Oral care and hygiene care	1,07,24,421	1,08,070



<b>Total</b>	<b>1,23,61,123</b>	<b>43,75,968</b>
<b>D Depreciation</b>		
i) Full service goods based-contract manufacturer - Oral care #	10,20,47,142	10,64,32,804
ii) Manufacturing sale- Oral care #	2,14,16,113	4,05,58,340
<b>Total</b>	<b>12,34,63,255</b>	<b>14,69,91,144</b>
<b>E Net segment assets*</b>		
i) Full service goods based-contract manufacturer - Oral care #	90,80,60,602	79,54,01,168
ii) Manufacturing sale- Oral care #		
iii) Job work – Oral care and hygiene care	31,75,83,951	68,09,98,127
<b>Total</b>	<b>1,22,56,44,553</b>	<b>1,47,63,99,295</b>

\* Net Segment Assets = Segment Assets- Segment liabilities

# The segmental information for reportable segments "Full service goods based-Oral Care "is currently not realistically ascertainable as the manufacturing process for this segment and that for full service goods based contract manufacturing is similar. The Company is in the process of making necessary changes in the accounting software to derive relevant details related to this new reportable segment.

### 35. Related party disclosures

The disclosures as required by the Accounting Standard -18 (Related party disclosures) are as under:

#### a. Names of related parties and description of relationship:

S. No.	Relationships	Name of Related Party
i.	Enterprise under control of the reporting enterprise (Subsidiary companies)	a) Jones H. Smith, FZE (United Arab Emirates) b) JHS Svendgaard Dental Care Limited (India) c) JHS Mechanical and Warehousing Private Limited (India)
ii.	Individuals having significant influence over the Company and Key Management Personnel (KMP)	a) Mr. Nikhil Nanda (Managing Director) b) Mr. Vishal Sarad Shah (Whole time Director w.e.f 14.02.2015) c) Mr. Paramveer Singh (Chief Executive Officer) d) Mr. Neeraj Kumar (Chief Financial Officer) e) Ms Isha Sablok (Company Secretary upto 13.04.2015) f) Mr Dheeraj Kumar Jha (Company Secretary w.e.f 13.04.2015)
ii.	Relatives of persons in (ii)	a) Mrs. Sushma Nanda
iii.	Enterprises over which significant influence can be exercised by persons mentioned in (ii) and (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 Infrastructure Private Limited f) Apogee Manufacturing Private Limited g) Dr. Fresh IT Parks Private Limited h) Magna Waves Impex Private Limited i) Secure Rail India Private Limited



b. Transactions with related parties taken place during the year are disclosed as under:

S. No.	Transactions	Key management personnel and relatives of key management personnel	Enterprises over which key management personnel and their relatives exercise significant influence	(Amount in Rs) Subsidiary companies
a.	<b>Revenue:</b>			
(i)	<b>Sales of products</b>			
	-Apogee Manufacturing Private Ltd	- (-)	31,18,954 (-)	- (-)
b.	<b>Reimbursement of Expense:</b>			
	<b>Freight Recovery</b>			
	-Apogee Manufacturing Private Ltd	- (-)	13,470 (-)	- (-)
c.	<b>Expenditure:</b>			
(i)	<b>Rent expenses</b>			
	-Nikhil Nanda	56,180 (-)	- (-)	- (-)
	-Number One Real Estate Private Limited	- (-)	20,39,334 (22,24,728)	- (-)
(ii)	<b>Electricity expenses</b>			
	-Nikhil Nanda	31,210 (-)	- (-)	- (-)
	-Number One Real Estate Private Limited	- (-)	9,14,035 (8,35,024)	- (-)
(iii)	<b>Directors/KMP Remuneration#:</b>			
	- Nikhil Nanda	10,00,000 ( 24,00,000)	- (-)	- (-)
	-Paramveer Singh	14,88,328 (-)	- (-)	- (-)
	-Neeraj Kumar	6,50,640 (-)	- (-)	- (-)
	- Isha Sablok	3,22,174 (-)	- (-)	- (-)
(d)	<b>Unsecured loans/Advances:</b>			
(i)	<b>Loans/ Advances taken</b>			
	-Nikhil Nanda	6,64,00,000 (-)	- (-)	- (-)
	-Apogee Manufacturing Private Limited	- (-)	1,39,65,500 (7,61,80,730)	- (-)
(ii)	<b>Loans/ Advance repaid:</b>			
	-Apogee Manufacturing Private Limited	- (-)	1,86,00,000 (12,52,90,000)	- (-)
	-Nikhil Nanda	3,99,50,000 (1,18,00,000)	- (-)	- (-)
	-Sushma Nanda	12,34,333 (-)	- (-)	- (-)
(e)	<b>Loans and advances:</b>			
(i)	<b>Loans and advances given (including security deposits):</b>			



	-JHS Svendgaard Dental Care limited	- (-)	- (-)	35,000 (54,394)
	-JHS Svendgaard Mechanical and Warehouse Private Limited	- (-)	- (-)	57,000 (47,100)
	-Number One Real Estate Private Limited	- (-)	10,00,000 (-)	- (-)
<b>(ii) Repayment received:</b>				
	-JHS Svendgaard Infrastructure Private Limited	- (-)	- (5,000,000)	- (-)
	-Magna Waves Impex Private Limited	- (-)	- (1,107,000)	- (-)
	-Number One Real Estate Private Limited	- (-)	1,60,40,000 (-)	- (-)
<b>(f) Security Deposit Recovered/Adjusted :</b>				
	-Number One Real Estate Private Limited	- (-)	9,00,000 (-)	- (-)
<b>(g) Provision made- Loans and advances</b>				
	-JHS Svendgaard Dental Care Limited	- (-)	- (-)	35,000 (54,394)
<b>(h) Provision made- trade receivables</b>				
	-Dr Fresh Inc.	- (-)	- (111,896,640)	- (-)

# The remuneration to the key management personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

The remuneration of the MD has been provided till 31st August, 2014 and for the remaining term period keeping in view the current financial position of the Company Managing Director gave his consent to waive off the same by sending his consent letter.

**c. Details of outstanding balances with related parties are disclosed as under:**

S. No.	Transactions	Key management personnel and their relatives	Enterprises over which key management personnel and their relatives exercise significant influence	(Amount in Rs) Subsidiary companies
<b>a. (i)</b>	<b>Payables</b>			
	<b>Unsecured loan:</b>			
	-Nikhil Nanda	16,46,33,525 (13,81,83,525)	- -	- -
	-Sushma Nanda	- (12,34,333)	- (-)	- (-)
<b>(ii)</b>	<b>Other liabilities:</b>			
	-Nikhil Nanda	87,390 (-)	- (-)	- (-)
	Number One Real Estate	- (-)	1,05,282 (-)	- (-)
	-Apogee Manufacturing Private Limited	- (-)	14,55,292 (-)	- (-)



<b>b.</b>	<b>Receivables:</b>			
<b>(i)</b>	<b>Loans and advances (including security deposits):</b>			
	-JHS Svendgaard Dental Care limited	- (-)	- (-)	4,38,445 (4,03,445)
	-Jones H Smith, FZE	- (-)	- (-)	15,05,722 (15,05,722)
	-JHS Svendgaard Mechanical and Warehouse Private Limited	- (-)	- (-)	12,96,39,653 (12,95,81,453)
	-Number One Real Estate Private Limited	- (-)	- (1,67,84,158)	- (-)
	-Sunehari Exports Limited	- (-)	4,36,125 (4,36,125)	- (-)
<b>(ii)</b>	<b>Trade receivables (excluding provision if any) :</b>			
	-Dr. Fresh Inc., USA	- (-)	5,05,59,451 (11,93,23,697)	- (-)
	-Sunehari Exports Limited	- (-)	9,714 (9,714)	- (-)
<b>c.</b>	<b>Investments at cost (excluding provision if any):</b>			
	-JHS Svendgaard Dental Care Limited	- (-)	- (-)	38,99,010 (38,99,010)
	-Jones H Smith, FZE, U.A.E	- (-)	- (-)	10,88,330 (10,88,330)
	-JHS Svendgaard Mechanical and Warehouse Private Limited	- (-)	- (-)	99,990 (99,990)
<b>d.</b>	<b>Provision:</b>			
<b>(i)</b>	<b>Provision for doubtful loans and advances</b>			
	-JHS Svendgaard Dental Care Limited	- (-)	- (-)	4,38,445 (4,03,445)
	-Jones H. Smith	- (-)	- (-)	15,05,722 (15,05,722)
<b>(ii)</b>	<b>Provision for doubtful trade receivables</b>			
	Dr Fresh Inc, USA	- (-)	2,32,19,482 (11,18,96,640)	- (-)
<b>(iii)</b>	<b>Impairment of Investments</b>			
	-JHS Svendgaard Dental Care Limited	- (-)	- (-)	38,99,010 (38,99,010)
	-Jones H. Smith, FZE, U.A.E	- (-)	- (-)	10,88,330 (10,88,330)

**36.**

- i) During the year, the Company has revised the depreciation rates based on the useful lives of its all tangible assets as prescribed in Part C of Schedule II to the Companies Act, 2013 except moulds & dies which are depreciated over the useful life of 5 years as estimated by the management. The management has identified tangible fixed assets and their major components and has reviewed / determined their remaining useful lives. Accordingly, the depreciation on tangible fixed assets is provided for in accordance with the provisions of Part C of Schedule II to the Companies Act, 2013. In respect of assets whose remaining useful life is 'Nil', as on March 31, 2014, their carrying amount of Rs. 38,95,012 after retaining the residual value as on 1st April, 2014 has been charged to the Statement of Profit & Loss. On account of the above changes, depreciation for the current year is lower by Rs. 1,19,56,650.

- ii) During the year, the Company has carried out a detailed exercise to review its long outstanding capital payables and pursuant to such exercise, the Management is of view that these amounts were not payable to such parties. These old unpaid balances were mainly due to the fact that certain vendors had supplied defective or sub-standard material or material not meeting specifications given by the Company. The management does not expect any liability to devolve on the Company in respect of above unpaid balances. Consequently, the cost of assets has been adjusted during the year amounting to Rs 1,82,60,239 and depreciation charged thereon has also been reversed by Rs 36,02,771.
- iii) One of the major customers of the Company has wrongfully decided not to renew / terminate the contracts across all the business segments due to which certain assets got idle. However, in order to safeguard the interest of the shareholders, the Company has been pursuing litigation and has sought specific performance of the contract as well against these arbitrary and unjust acts of the multinational company. Hence, as the matter is sub-judice, the management cannot even consider the impairment as that would impact upon the litigation.

### 37. Deferred Tax

In accordance with Accounting Standard 22 'Accounting for taxes on income', in view of recurring losses and in absence of reasonable certainty, the Company has not recognized deferred tax assets amounting to Rs 13,08,43,367/- during the year ended on March 31,2015. Further, there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized, as Company is enjoying tax benefit under section 80-IC of the Income Tax Act, 1961. Therefore no deferred tax assets have been recognized on brought forward business losses and unabsorbed depreciation during the year ended on March 31, 2015. Consequently, the net deferred tax assets/liability as at March 31, 2015 is Nil.

Deferred tax assets and liabilities are attributable to the following:

Particulars	As at March 31,2015	Charge/(benefit) for the year	(Amount in Rs) As at March 31,2014
<b>Deferred tax liability</b>			
Depreciation and amortization	10,02,72,100	(94,69,095)	9,08,03,005
<b>Total Deferred tax liability (A)</b>	<b>10,02,72,100</b>	<b>(94,69,095)</b>	<b>9,08,03,005</b>
<b>Deferred tax Asset</b>			
Provision for bonus	2,37,806	97,421	1,40,385
Provision for doubtful receivables	50,22,374	(3,44,36,273)	3,94,58,647
Provision for obsolete stock	32,46,806	6,11,766	26,35,040
Provision for gratuity	7,92,809	2,17,336	5,75,473
Provision for leave encashment	2,19,192	79,971	1,39,221
Provision for doubtful advance	5,66,21,369	3,65,14,327	2,01,07,042
Provision for diminution in value of investments	10,78,762	(53,938)	11,32,700
Interest accrued but not due	4,981	(12,23,633)	12,28,614
Interest accrued and due under section 43B	-	(3,65,67,659)	3,65,67,659
Unrealised exchange loss on capex loans	-	(1,51,29,045)	1,51,29,045
Brought Forward losses	16,38,91,368	16,38,91,368	-
<b>Total Deferred tax assets (B)</b>	<b>23,11,15,467</b>	<b>11,40,01,641</b>	<b>11,71,13,826</b>
<b>Deferred tax Asset (net) (B-A)</b>	<b>13,08,43,367</b>	<b>13,08,43,367</b>	<b>2,63,10,821</b>



**38. Earnings/(Loss) per share**

Statement on calculation of basic and diluted EPS is as under:

S. No.	Particulars	Units	Year ended March 31, 2015	Year ended March 31, 2014
A	Loss after tax	Rs.	(22,13,91,633)	(28,79,57,824)
B	Weighted average no. of equity shares	Nos.	2,40,95,252	2,40,95,252
C	Number of equity shares for Dilutive EPS	Nos.	2,40,95,252	2,40,95,252
	Nominal value per share	Rs.	10	10
	Basic Earnings/(Loss) per share (A/B)	Rs.	(9.19)	(11.95)
	Dilutive Earnings/(Loss) per share (A/C)	Rs.	(9.19)	(11.95)

**39. Obligation on long term, cancellable operating lease:**

The Company has taken premises under cancellable operating leases with an option of renewal at the end of the lease term with mutual consent. There are scheduled escalation clauses. Lease rental expense of Rs. 28,91,581 (March 31, 2014: Rs. 34,57,755) charged to the Statement of Profit and Loss during the year.

**40. Auditor's remuneration \***

Particulars	Year ended March 31, 2015	(Amount in Rs.) Year ended March 31, 2014
Statutory audit fees	6,84,000	5,33,710
Tax audit fees	1,82,400	1,40,450
Other matters		
- Limited reviews	2,73,600	2,52,810
- Out of pocket expenses	30,675	1,39,850
<b>Total</b>	<b>11,70,675</b>	<b>10,66,820</b>

\*Including service tax

41. 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(MSME) and pay them interest on overdue amount beyond the specified period irrespective of the terms agreed with the suppliers. The Company has sent e-mails/letters by post to its vendors for obtaining above required information. The Company has not been able to identify the MSME suppliers in absence of written response from its vendors, therefore the liability of interest, if any, cannot be estimated. Management is of the opinion that there will be no liability in view of supplier profile of the Company.

**42. Transactions in foreign currency**

Particulars	Year ended March 31, 2015	(Amount in Rs) Year ended March 31, 2014
Expenditure		
Travelling	1,75,827	1,52,028
<b>Total</b>	<b>1,75,827</b>	<b>1,52,028</b>

**43. Details of derivative instruments and unhedged foreign currency exposures as at March 31, 2015 are as under:**

(a) There are no derivative instruments during the year and as at March 31, 2015 and March 31, 2014.

(b) Particulars of unhedged foreign currency exposure as on March 31, 2015:



Particulars	Currency	March 31, 2015		Currency	March 31, 2014	
		Amount in Foreign Currency	Amount in Rs.		Amount in Foreign Currency	Amount in Rs.
<b>A. Receivable in foreign currency</b>						
Trade receivables*	USD	13,74,983	8,58,09,477	USD	24,94,973	15,44,40,540
Advance to Suppliers	USD	11,953	6,61,155	USD	2,921	183,797
<b>B. Payables in foreign currency</b>						
Trade payables	USD	Nil	Nil	USD	156	9,350
Foreign currency loans including interest	USD	-	-	USD	39,64,362	23,82,57,371

\* There is a provision of Rs. 2,32,19,482/- (March 31, 2014: Rs. 14,63,60,909/-) against these receivable balances.

#### 44. Details of consumption and purchases

##### a. Raw material and packing material consumed

Particulars	Year ended March 31, 2015	(Amount in Rs.) Year ended March 31, 2014
Nylon bristles	4,42,42,483	4,15,98,275
Anchor wire	81,41,879	91,47,253
Plastic granules	10,42,19,955	9,03,98,709
Chemicals	4,69,37,668	-
Flavour	2,47,41,602	-
Packing/other material	14,56,80,053	4,70,50,418
<b>Total</b>	<b>37,39,63,639</b>	<b>18,81,94,655</b>

##### b. Value of imported and indigenous raw material (including packing materials) consumed

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
	%	Amount (Rs.)	%	Amount (Rs.)
Raw material (including packing material)				
Imported	3.47	1,29,84,943	0.32	6,01,962
Indigenous	96.53	36,09,78,696	99.68	18,75,92,693
<b>Total</b>	<b>100.00</b>	<b>37,39,63,639</b>	<b>100.00</b>	<b>18,81,94,655</b>

##### c. Value of Imported and indigenous stores and spares and other consumable's consumed

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
	%	Amount (Rs.)	%	Amount (Rs.)
Stores and Spares				
Imported	-	-	-	-
Indigenous	100.00	51,94,579	-	-
<b>Total</b>	<b>100.00</b>	<b>51,94,579</b>	<b>-</b>	<b>-</b>



## d. Value of imports on CIF basis

Particulars	Year ended March 31, 2015	(Amount in Rs.) Year ended March 31, 2014
Raw material	1,36,90,273	6,01,962
Capital goods	-	3,59,450
Spare Parts	-	3,06,029
<b>Total</b>	<b>1,36,90,273</b>	<b>12,67,441</b>

## 45. Information pursuant to Clause 32 of the Listing Agreement with Stock Exchanges

## A. Interest free loan and advances to subsidiaries, in the nature of loan with no specifies repayment schedule:

Particulars	Jones H Smith, FZE, U.A.E.	JHS Svendgaard Dental Care Limited	(Amount in Rs.) JHS Mechanical and Warehouse Private Limited
Balance as at March 31, 2015 excluding provision	15,05,722 (15,05,722)	4,38,445 (4,03,445)	12,96,39,653 (12,95,81,453)
Maximum balance during the year ended March 31, 2015	15,05,722 (15,05,722)	4,38,445 (4,03,445)	12,96,39,653 (12,95,81,453)
Provision against loan balance as at March 31, 2015	15,05,722	4,38,445	-
	<b>(15,05,722)</b>	<b>(4,03,445)</b>	<b>(-)</b>

## B. Loans and advances in the nature of loans to companies in which directors are interested

Particulars	Number One Real Estate Pvt Limited	Magna Waves Impex Pvt Limited	(Amount in Rs.) JHS Svendgaard Infrastructure Pvt Limited
Balance as at March 31, 2015	- (1,67,84,158)	- (-)	- (-)
Maximum balance during the year ended March 31, 2015	1,67,84,158	-	-
	<b>(1,88,36,553)</b>	<b>(11,07,000)</b>	<b>(50,00,000)</b>

## 46. Detail of sale of products:

Particulars	Year ended March 31, 2015	(Amount in Rs.) Year ended March 31, 2014
Oral care products	54,44,99,242	31,48,30,853
Other products	-	13,46,480
<b>Total</b>	<b>54,44,99,242</b>	<b>31,61,77,333</b>


**47. Disclosure required under section 186(4) of the Companies Act 2013 :-**
**Particulars of loan given**

S.No.	Name	Outstanding Balances	(Amount in Rs.) Purpose
1	JHS Svendgaard Mechanical & Entertainment Private Ltd	12,62,00,000	Purchase of land
2	A.R. Textiles Private Limited*	12,21,36,992	Intercompany financing

\*Doubtful of recovery and fully provided for.

**Particulars of Investment Made**

S. No.	Name of Investee	(Amount in Rs.) Investment Made
1	JHS Svendgaard Dental Care Limited#	38,99,010
2	Jones H Smith FZE, U.A.E.#	10,88,330
3	JHS Mechanical and Warehousing Private Limited	99,990

#Provision for diminution in value of investment has been made in books of accounts for the entire investment.

48. The Company is not meeting the eligibility criteria as prescribed in section 135 of Companies Act 2013 for spending on corporate social responsibility and hence no such expenditure has been incurred during the year.
49. Balances shown under trade receivables, group companies, loans & advances, trade payables and other liabilities are subject to reconciliation/ confirmation and respective consequential adjustments.
50. Previous year figures have been regrouped/ reclassified wherever considered necessary to confirm to the presentation of current year's financial statements.

As per our report of even date attached.

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

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

S.K.Khattar  
Partner  
Membership no.: 084993

**Nikhil Nanda**  
Managing Director  
DIN : 00051501

**Vishal Sarad Shah**  
Whole Time Director  
DIN : 07113784

Place : New Delhi  
Date : 14.07.2015

**Dhiraj Kumar Jha**  
Company Secretary

**Neeraj Kumar**  
Chief Financial Officer



## INDEPENDENT AUDITOR'S REPORT

### To the Members of JHS Svendgaard Laboratories Limited Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of JHS Svendgaard Laboratories Limited (hereinafter referred to as "the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements")

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (particularly Accounting Standards (AS) 21 "Consolidated Financial Statements"). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the

consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### Basis for Qualified Opinion

- i) The Holding Company has entered into "One Time Settlement" (OTS) of dues with its lender banks. As a result, the lenders have agreed to waive the principal amount on term loan facilities amounting to Rs. 30,82,89,217 and such amount is credited to Capital Reserve which is not in accordance with the Accounting Standard (AS) 5 on "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies". Further, the said treatment is not in line with the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India on accounting treatment of waiver of loan.

Had the said waiver of principal amount of loan been credited to the Statement of Profit and Loss instead of the credit in Capital Reserve Account, the loss for the year amounting to Rs. 22,17,68,216 would result in profit of Rs. 8,65,21,001 and balance in the Statement of Profit & Loss under the head 'Reserves & Surplus' would have been surplus of Rs. 5,71,90,166 instead of deficit of Rs. 25,10,99,051 as stated.

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



### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in para (i) above and the possible effect of the matter described in para (ii) of the Basis for Qualified Opinion paragraph the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its subsidiaries as at March 31, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

### Emphasis of Matters

**We draw attention to the following notes on the financial statements:**

- i) In the financial year 2012-13, as per the management's decision, the Company had written off its unrealizable trade receivables amounting Rs. 48,28,92,640 which were set-off against Securities Premium Account directly. This was subject to approval of the Hon'ble High Court of Himachal Pradesh for ratifying the said adjustment. The management has decided to withdraw the said application from the Hon'ble High Court. Accordingly, during the year the Company has reversed the treatment given in the earlier year for write off amounting to Rs. 48,28,92,640 by crediting Securities Premium Account and charged the same to the Statement of Profit and Loss as on March 31, 2015.
- ii) The management has explained the basis for recording provisions in respect of certain loans & advances which are doubtful of recovery. (Refer note 29(iv))
- iii) The management has explained the basis for write-back of long outstanding payables. (Refer note 29(vi) & note 36 (ii))

### Other Matter

- (a) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs 12,67,90,377 as at March 31, 2015, total revenues of Rs Nil and net cash inflows amounting to Rs 44,963 for the year then ended, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub sections (3) and (11) of Section 143 of the act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs 18,16,30,107 as at March 31, 2015, total revenues of Rs Nil and net cash inflows amounting to Rs 4,147 for the year then ended, as considered in the consolidated financial statements. These financial statements are unaudited

and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub sections (3) and (11) of Section 143 of the act, in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanation given to us by the management, these financial statements are not material to the Group

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' report of the Holding Company, subsidiary companies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and, except for the effects of the matter described in the Basis for Qualified Opinion paragraph (ii) above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - (d) In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;
  - (f) On the basis of written representations received from the directors of the Holding Company as on March 31, 2015 and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory



auditors of its subsidiaries companies, none of the other directors of the Group's companies is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act;

- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in Basis for Qualified Opinion paragraph above.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Consolidated financial statements disclose the impact of pending litigations on its financial position in its consolidated financial statements Refer note 31 to the consolidated financial statements.
- (ii) The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses: and
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies.

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

**S.K. Khattar**  
Partner  
M. No. 084993

Place: New Delhi  
Date: July 14, 2015

## Annexure to the Independent Auditor's Report

(Referred to in our report of even date)

As stated in Para 1 of 'Report on Other Legal and Regulatory Requirements' in our Auditors' Report of even date, the following statement is based on the comments in the auditors' report on the standalone financial statements of the Holding Company and its subsidiaries companies

- (i) In respect of Fixed Assets
- (a) The Holding Company and its subsidiaries companies have maintained proper records showing full particulars, including quantitative details except for situation of fixed assets.
- (b) The fixed assets are physically verified by the respective management according to a phased programme designed to cover all items over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets.

Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.

- (ii) In respect of Inventories
- (a) The inventory has been physically verified by the management of the Holding Company. In our opinion frequency of such physical verification is reasonable. The subsidiaries do not hold any inventories, therefore provisions of the clause 3(ii) of the order are not applicable to these subsidiary companies.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Holding Company.
- (c) The Holding Company are maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) According to the information and explanations given to us, the Holding Company, has granted loans to the extent included in consolidated financial statements, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of such loans;
- i) According to the information and explanations given to us, no repayment schedule has been specified and accordingly the question of regularity in repayment of principal amount wherever applicable does not arise. Further, as stated above these loan are interest free and repayment of interest does not arise.
- ii) As stated above no repayment schedule have been specified and there are no overdue amounts in excess of Rs. one lacs.
- (iv) According to the information and explanations given to the statutory auditors of the Holding Company and its subsidiary companies, 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 fixed assets and sale of goods and services.
- In our opinion and according to the information and explanations given to us, the internal control system with regard to purchase of inventory needs to be strengthened to be commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed continuing failure to correct material weaknesses in the internal control system of these companies.
- (v) The Holding Company and its subsidiary companies have not accepted any deposit from public within the meaning of sections 73 to 76 of the Companies Act, 2013 and rules framed there under.





- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for the products of the Company.
- (vii) (a) According to the information and explanations given to the statutory auditors of the Holding Company and its subsidiary companies the amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues generally have been deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31, 2015, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to the statutory auditors of the Holding Company and its subsidiary companies, there are no dues of income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax or cess which have not been deposited on account of any dispute.
- (c) According to the information and explanations given to the statutory auditors of the Holding Company and its subsidiary companies and as per the records of the Company no amount is required to be transferred to Investor Education and Protection Fund (IEPF) in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) On a consolidated basis, accumulated losses of the Holding Company and its subsidiary companies at the yearend are not more than fifty percent of its net worth. Further, the Company has incurred cash losses during the financial year and in the immediately preceding financial year. The effect of qualifications described in the Basis of Opinion paragraph in our Audit Report has not been given in the Consolidated Financial Statements.
- (ix) In our opinion and according to the information and explanations given to the statutory auditors of the Holding Company, the Holding Company has defaulted in repayment of dues to financial institutions and bank. However, in the month of March 2015, the Holding Company has entered into the One Time Settlement (OTS) with its lender banks to clear all the outstanding loans & interest thereon. Accordingly as on date the Holding Company has paid all the dues towards OTS. The Holding Company and its subsidiary companies did not have any outstanding towards debenture holders.
- (x) According to the information and explanations given to the statutory auditors of the Holding Company and its subsidiary companies have not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- (xi) According to the information and explanations given to the statutory auditors of the Holding Company and its subsidiary companies, no term loans have been obtained during the year. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- (xii) According to the information and explanations given to the statutory auditors of the Holding Company and its subsidiary companies, no instances of material fraud on or by each Company have been noticed or reported during the course of audit by the statutory auditors of the Holding Company and its subsidiary companies.

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

**S.K. Khattar**  
Partner  
M. No. 084993

Place: New Delhi  
Date: July 14, 2015

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015**

(Amount in Rs)

	Notes	March 31, 2015	March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	240,952,520	240,952,520
Reserves and surplus	4	955,038,387	377,985,958
		<b>1,195,990,907</b>	<b>618,938,478</b>
<b>Minority Interest</b>	5	-	200,050
<b>Deferred government grant</b>	6	1,800,000	2,100,000
<b>Non-current liabilities</b>			
Long term borrowings	7	1,062,970	132,182,741
Long term provisions	8	3,781,922	2,272,373
Other Long Term Liabilities	9	7,507,080	-
		<b>12,351,972</b>	<b>134,455,114</b>
<b>Current Liabilities</b>			
Short term borrowings	10	185,603,446	329,070,375
Trade payables	11	116,919,431	53,760,909
Other current liabilities	12	186,173,422	754,711,281
Short term provisions	8	395,569	275,274
		<b>489,091,868</b>	<b>1,137,817,839</b>
<b>TOTAL</b>		<b>1,699,234,747</b>	<b>1,893,511,481</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets	13		
- Tangible assets		1,077,811,495	1,208,363,827
- Intangible assets		1,067,874	402,148
- Intangible assets under development		316,012	316,012
Long term loans and advances	14	193,061,733	216,047,133
Other non-current assets	15	764,740	2,210,198
		<b>1,273,021,854</b>	<b>1,427,339,318</b>
<b>Current assets</b>			
Inventories	16	90,126,767	58,193,450
Trade receivables	17	252,549,698	182,093,648
Cash and bank balances	18	9,752,659	23,548,985
Short term loans and advances	19	21,278,420	152,099,623
Other current assets	20	52,505,349	50,236,457
		<b>426,212,893</b>	<b>466,172,163</b>
<b>TOTAL</b>		<b>1,699,234,747</b>	<b>1,893,511,481</b>
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.			

As per our report of even date attached.

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

Chartered Accountants

FRN: 000050N

For and on behalf of the Board of Directors of  
**JHS Svendgaard Laboratories Limited****S.K.Khattar**

Partner

Membership no.: 084993

Place : New Delhi

Date : 14.07.2015

**Nikhil Nanda**

Managing Director

DIN : 00051501

**Dhiraj Kumar Jha**

Company Secretary

**Vishal Sarad Shah**

Whole Time Director

DIN : 07113784

**Neeraj Kumar**

Chief Financial Officer


**STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015 (Amount in Rs)**

	Notes	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>INCOME</b>			
Revenue from operations (Gross)	21	553,239,459	352,796,472
Less: Excise duty		-	-
Revenue from operations (Net)		553,239,459	352,796,472
Other income	22	8,714,302	38,084,356
<b>Total revenue</b>		<b>561,953,760</b>	<b>390,880,829</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	373,963,639	188,194,655
Purchase of traded goods		-	-
(Increase)/decrease in inventories of finished goods , traded goods and work-in-progress	24	30,029,184	18,318,455
Employee benefits expense	25	57,900,374	91,722,745
Finance costs	26	1,407,754	140,703,227
Depreciation, amortisation and impairment	27	123,556,204	147,057,018
Other expenses	28	130,192,627	93,141,111
<b>Total expenses</b>		<b>717,049,781</b>	<b>679,137,211</b>
<b>Profit/ (loss) before exceptional items, extra ordinary items, prior period items and tax</b>		<b>(155,096,020)</b>	<b>(288,256,382)</b>
Less: Exceptional items	29	65,313,567	64,697,438
Less: Prior period expense /( income) (net)	30	916,437	20,447
<b>Profit/ (loss) before tax</b>		<b>(221,326,025)</b>	<b>(352,974,267)</b>
Tax expense:			
- Current tax		-	-
- Deferred tax charge / (benefit) (Refer note 37)		-	(67,455,337)
- Tax for earlier years		442,191	2,578,100
<b>Total tax expense</b>		<b>442,191</b>	<b>(64,877,237)</b>
<b>Profit/ (loss) for the year</b>		<b>(221,768,216)</b>	<b>(288,097,030)</b>
Earnings/ (loss) per share	38		
(Nominal value Rs. 10/- share)			
- Basic and Diluted EPS ( Including extra ordinary item)		(9.19)	(11.95)
- Basic and Diluted EPS ( Excluding extra ordinary item)		(9.19)	(11.95)

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

Chartered Accountants

FRN: 000050N

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

**S.K.Khattar**

Partner

Membership no.: 084993

Place : New Delhi

Date : 14.07.2015

**Nikhil Nanda**

Managing Director

DIN : 00051501

**Dhiraj Kumar Jha**

Company Secretary

**Vishal Sarad Shah**

Whole Time Director

DIN : 07113784

**Neeraj Kumar**

Chief Financial Officer

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015****(Amount in Rs)**

	<b>Year Ended March 31, 2015</b>	<b>Year Ended March 31, 2014</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before exceptional items, extra ordinary items, prior period items and tax	<b>(155,096,020)</b>	<b>(288,256,382)</b>
<b>Adjustments for:</b>		
Exceptional item:		
Trade receivable written off	(482,892,640)	-
Reversal of interest on the borrowings	161,067,550	-
Waiver of working capital facilities	249,920,869	-
Provision for doubtful trade receivables written back	123,794,001	(146,360,909)
Provision for doubtful advances	(122,136,992)	(72,838,186)
Provision for fines & penalties	(4,651,900)	-
Liabilities no longer required written back	9,585,544	154,501,657
Depreciation, amortisation and impairment	123,556,203	147,057,017
Interest income	(467,193)	(487,989)
Government grant amortisation (income)	(300,000)	(300,000)
Prior period expenses/(income) (net)	916,437	20,447
Provisions no longer required written back	(2,448,578)	(1,627,780)
Excess provision for gratuity written back	-	(1,176,931)
Excess provision for leave encashment written back	-	(406,752)
Loss/(profit) on sale of fixed assets	367,025	43,021
Provision for doubtful receivables (including exceptional items)	(123,794,001)	147,013,483
Trade receivable written off	482,892,640	-
Reversal of interest on the borrowings	(161,067,550)	-
Waiver of working capital facilities	(249,920,869)	-
Provision for fines & penalties	4,651,900	-
Liabilities no longer required written back (including exceptional items)	(9,585,544)	(154,741,592)
Advances written off	1,926,603	-
Security Deposit written off	5,406,970	-
Provision for doubtful loans and advances (including exceptional items)	122,689,107	72,892,580
Turnover discount	(180,775)	(27,944,011)
Provision for slow moving stock	3,989,549	1,313,770
Advances written off (Cenvat)	-	-
Prior period expenses/(income) (net)	(916,437)	-
Unrealised Loss (gain) on foreign currency receivables and payables	6,439,639	(18,633,096)
Unrealised Loss (gain) on foreign currency borrowings	-	46,318,067
Interest and financial charges	1,409,773	140,703,272
<b>Operating profit before working capital changes</b>	<b>(14,844,686)</b>	<b>(2,910,314)</b>
Adjustment for:		
Increase in inventories	(35,922,866)	1,194,899
Decrease in trade receivables	35,397,851	50,723,236
Decrease/ (increase) in short term loans and advances	7,249,635	6,755,161
Decrease in other current assets	(2,068,494)	(4,388,471)
Decrease in long term loans and advances	17,602,824	7,769,895
Decrease in other non-current assets	-	(1,528,977)
Increase/ (decrease) in trade payables	69,259,231	20,197,263
(Decrease)/increase in provisions	1,629,012	(696,584)
Increase in current liabilities	(8,741,690)	205,693,065
<b>Cash generated from operations</b>	<b>69,560,817</b>	<b>282,809,173</b>
Taxes paid	23,327	1,110,488
<b>Net cash generated from operating activities</b>	<b>69,537,490</b>	<b>281,698,685</b>


**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015** (Amount in Rs)

	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	12,361,123	(4,172,316)
Movement in capital advances	-	27,848,300
Payment for intangibles under development	-	(203,652)
Sale of fixed assets	45,000	1,258,515
Maturity/( investment) of/ in deposits of more than three months	542,054	2,217,228
Purchase of investments	-	-
Decrease in investment on account of merger	-	-
Interest income received	253,583	487,989
<b>Net cash used in investing activities</b>	<b>13,201,760</b>	<b>27,436,064</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from/ (repayment of) long term borrowings	(143,726,752)	(3,601,199)
Dividend paid	90	-
Proceeds from/ (repayment of) short term borrowings	47,684,333	(147,106,086)
Interest and financial charges	(1,409,773)	(140,714,803)
<b>Net cash used in financing activities</b>	<b>(97,452,102)</b>	<b>(291,422,088)</b>
Net Increase/(decrease) in cash and cash equivalents	<b>(14,712,852)</b>	<b>17,712,661</b>
Opening balance of cash and cash equivalents	21,102,517	3,389,856
Closing balance of cash and cash equivalents	<b>6,389,665</b>	<b>21,102,517</b>
Add: Deposits with original maturity of more than three months but realizable within 12 months from Balance sheet date	3,362,994	2,446,468
Cash and bank balance (Refer note 18)	<b>9,752,659</b>	<b>23,548,985</b>

**Note:**

- I. The accompanying notes form an integral part of the financial statements.  
 II. The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 'Cash Flow Statement'.

As per our report of even date attached.

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

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

**S.K.Khattar**  
 Partner  
 Membership no.: 084993  
 Place : New Delhi  
 Date : 14.07.2015

**Nikhil Nanda**  
 Managing Director  
 DIN : 00051501  
**Dhiraj Kumar Jha**  
 Company Secretary

**Vishal Sarad Shah**  
 Whole Time Director  
 DIN : 07113784  
**Neeraj Kumar**  
 Chief Financial Officer



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

### 1. BACKGROUND

JHS Svendgaard Laboratories Limited is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. 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 and exporting of oral care and hygiene products including toothbrushes, toothpastes, mouthwash, sanitizers and job work of detergent powder. The Company's shares are listed for trading on the National Stock Exchange and the Bombay Stock Exchange in India.

The Company along with its subsidiaries is hereinafter collectively referred to as a 'Group'. The entities under the group are engaged in trading of personal care products, providing dental care services and warehousing/renting services.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of preparation of Consolidated financial Statements

The consolidated financial statements have been prepared to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provision of the Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India, to the extent applicable. The consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies are consistent with those followed in the previous year.

#### b. Principles of Consolidation

i. The consolidated financial statements include the financial statements of JHS Svendgaard Laboratories Limited ("Parent company/company) and its subsidiaries (collectively known as "the group"):

Name of Subsidiaries	Country of Incorporation	Ownership Interest
Jones H.Smith , FZE	United Arab Emirates (U.A.E.)	100%
JHS Svendgaard Dental Care Limited	India	95.12%
JHS Mechanical & Warehouse Private Limited	India	99.99%

ii. The consolidated financial statements have been prepared on the following basis:

- The consolidated financial statements have been prepared in accordance with the Accounting Standard 21, "Consolidated Financial Statements" specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 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 unrealized profits/ losses, if any.
- 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 Company independent financial statements unless stated otherwise.
- The operations of the foreign subsidiaries have been considered by the management, as non integral operation.
- 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 recognized 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.
- Minority interest in the consolidated financial statement is identified and recognized 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 is adjusted against the income of the group in order to arrive at the net income attributable to the company.
- 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.

#### c. Use of estimates

The preparation of the consolidated 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 and





disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses. 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 recognized in the period in which the results are crystallized. Any revision to accounting estimates is recognized in the current and future periods.

#### d. Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the above criteria, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

#### e. Tangible assets

Tangible assets are stated at the cost of acquisition or construction, less accumulated depreciation and impairment losses, if any. The cost of an item of tangible asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid towards acquisition of tangible assets outstanding at each Balance Sheet date, are shown under long-term loans and advances and cost of assets not ready for intended use before the year end are shown as capital work-in-progress.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

A tangible asset is eliminated from the financial statements on disposal or when no further economic benefit is expected from its use or disposal.

Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net realisable value and the carrying amount of the asset and are recognized in the Statement of consolidated Profit and Loss.

#### f. Intangible assets

An intangible asset is recognised when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured.

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. The cost of an item of intangible asset comprises its purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Cost of assets not ready for intended use before the year end, are shown as intangible assets under development.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net realisable value and the carrying amount of the asset and are recognised in the Statement of consolidated Profit and Loss.

#### g. Depreciation / Amortization

Depreciation on tangible assets except moulds and dies are provided on a pro-rata basis on Straight Line Method (SLM) based on the useful lives of assets specified in Part C of Schedule II of the Companies Act, 2013.

Based on internal assessment and technical evaluation, the management has assessed useful lives of moulds and dies as five years, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Intangible assets comprising of computer software are amortized over a period of five years.

Depreciation and amortization on addition to fixed assets is provided on pro-rata basis from the date the assets are ready for use. Depreciation and amortization on sale/discard from fixed assets is provided for upto the date of sale, deduction or discard of fixed assets as the case may be.

All assets costing Rs. 5,000 or below are depreciated/amortized by a one-time depreciation/amortization charge in the year of purchase.

#### h. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

#### i. Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash balance with bank, and highly liquid investments with original maturities, at the date of purchase/investment, of three months or less.

#### j. Inventories

i. Raw materials, packaging materials and stores and spare parts are valued at the lower of cost and net realizable value. Cost includes purchase price, taxes (excluding levies or taxes 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.

- ii. Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realizable value. 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.
- iii. Excise duty liability, wherever applicable, 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.
- iv. Provision for obsolescence on inventories is made on the basis of management's estimate based on demand and market of the inventories.
- v. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.
- vi. The comparison of cost and net realisable value is made on an item by item basis.

#### k. Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

##### Sale of goods

Revenue from sale of goods is recognized on transfer of significant risks and rewards of ownership to the customer. Revenue is net of excise duty, sales tax, value added tax and other applicable discounts and allowances.

##### Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

##### Dividend income

Dividend is recognized when the right to receive the income is established.

##### Export incentives

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 recognized as revenue on accrual basis to the extent it is probable that realization is certain.

##### Sale of scrap

Revenue from sale of scrap is recognized when the

significant risks and rewards of ownership of goods have passed to the buyer.

##### Service income

Service income includes job work and its revenue is recognized on completion of services, based on service contracts.

##### Reimbursement Receipts

Reimbursement income is recognized on accrual basis on the basis of contracts.

#### l. Borrowing cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition or construction or production of qualifying assets are capitalized as part of the cost of assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the Statement of consolidated Profit and Loss in the period in which they are incurred.

#### m. Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognized in the Statement of Profit and Loss. Non monetary assets and liabilities are recorded at the rates prevailing on the date of the transaction.

##### Translation of integral and non integral foreign operations.

The Company classifies its foreign operations as either "integral foreign operations" or "non integral foreign operations".

The consolidated financial statements of an integral foreign operation are translated as if the transactions of the foreign operations have been those of the Company itself. The assets and liabilities (except share capital which is taken at historical cost) 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 average rates at the date of transaction. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment, at which time the accumulated amount is recognized as income or as expense.



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

#### n. Investments

Investments that are readily realizable 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. However that part of long term investments which is expected to be realized within 12 months after the reporting date is presented under "Current Assets" in consonance with current/non current classification scheme of Schedule III of Companies Act, 2013. The cost of an investment includes acquisition charges such as brokerage, fees and duties.

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

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

Any reduction in the carrying amount and any reversals of such reduction are charged or credited to the Statement of Consolidated Profit and Loss. Profit or loss on sale of individual investment is determined on the basis of weighted average carrying amount of investment disposed off.

#### o. Employee Benefits

##### Short term employee benefits:

All employee benefits payable wholly within twelve months of receiving employee service are classified as short term employee benefits. These benefit includes salaries, wages, short term compensated absence and bonus etc and are recognized in the Statement of consolidated Profit and Loss in the period in which the employee renders the related service.

##### Long term employee benefits:

###### *-Defined contribution plans: Provident Fund*

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate as per the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952. These contributions are made to the fund administered and managed by the Government of India.

###### *Defined contribution plans: Employee State Insurance*

Employees whose wages/salary is within the prescribed limit in accordance with the Employee State Insurance Act, 1948, are covered under this scheme. These contributions are made to the fund administered and managed by the Government of India.

The Company's contributions to these schemes are expensed off in the Statement of Consolidated Profit and Loss. The Company has no further obligations under these plans beyond its monthly contributions.

###### *-Defined benefit plans: Gratuity*

The Company provides for retirement benefits in the form of Gratuity. Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan, are accounted for on the basis of an actuarial valuation as at the Balance Sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the Projected Unit Credit method and adjusted for past service cost. The resultant actuarial gain or loss on change in present value of the defined benefit obligation is recognised as an income or expense in the Statement of Consolidated Profit and Loss.

###### *-Other long-term benefits: Leave benefits*

Benefits under the Company's leave benefits scheme constitute other employee benefits. The liability in respect of leave benefits is provided on the basis of an actuarial valuation done by an independent actuary at the end of the year. Actuarial gains and losses are recognized immediately in the Statement of Consolidated Profit and Loss.

#### p. Segment reporting

##### Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of product sold and service provided, with each segment representing a strategic business unit that offers different product/service. The analysis of geographical segments is based on geographical location of the customers.

##### Allocation of common cost

Common allocable costs are allocated to each segment according to relative contribution of each segment to the total common costs.

##### Unallocated items

Includes general corporate income and expense items which are not allocated to any business segment.

##### Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

#### q. Accounting for taxes on income

Income 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 Income Tax Act, 1961.

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 laws enacted or substantially enacted as at the Balance Sheet date. Deferred tax assets are recognized for timing differences only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realized in future whereas, in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognized only if, there is virtual certainty of realization supported by convincing evidence. The carrying amount of deferred tax assets are reviewed at each Balance Sheet date.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**r. Government grant**

Government grants available to the enterprise are recognized when both the following conditions are satisfied:

- (a) where there is reasonable assurance that the enterprise will comply with the conditions attached to them; and
- (b) where such benefits have been earned by the enterprise and it is reasonably certain that the ultimate collection will be made.

Grants related to depreciable assets are treated as deferred income which is recognized in the Statement of Profit and Loss on a systematic and rational basis over the remaining period of life of the assets. Grants related to non-depreciable assets are credited to capital reserve.

**s. Provisions, contingent liabilities and contingent assets**

**Provision**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value. These are reviewed at

each year end date and adjusted to reflect the best current estimate.

**Contingent liabilities**

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

**Contingent assets**

Contingent assets are neither recorded nor disclosed in the consolidated financial statements.

**t. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax (and excluding 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 year, 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.

The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

**u. Leases**

**Operating lease**

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

**Finance lease**

Assets taken on finance lease are capitalized 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 to principal, i.e., 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.

**v. Material events**

Material events occurring after the Balance Sheet date are taken into cognizance.



### 3 : SHARE CAPITAL

The Company has only one class of equity shares having a par value of Rs.10/- per share referred to herein as equity share.

	As at March 31, 2015		As at March 31, 2014	
	Numbers	Amount in Rs	Numbers	Amount in Rs
<b>Authorised</b>				
“Equity shares of Rs.10/- each (March 31, 2014 : Rs. 10/- each) “	50,000,000	500,000,000	28,000,000	280,000,000
<b>Issued, Subscribed &amp; fully Paid up</b>				
“ Equity shares of Rs.10/- each (March 31, 2014 : Rs. 10/- each) “	24,095,252	240,952,520	24,095,252	240,952,520

#### a) Reconciliation of the shares outstanding as at the beginning and at the end of the reporting period

Particulars	As at March 31, 2015		As at March 31, 2014	
	Numbers	Amount in Rs	Numbers	Amount in Rs
At the beginning of the year	24,095,252	240,952,520	24,095,252	240,952,520
Add : Shares issued during the year	-	-	-	-
At the end of the year	24,095,252	240,952,520	24,095,252	240,952,520

#### b) Terms / rights attached to equity shares

Voting :

Each holder of equity share is entitled to one vote per share held.”

“Dividends:

The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case where interim dividend is distributed. During the year ended March 31, 2015 and March 31, 2014, no dividend has been declared by the Company.”

“Liquidation:

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such distribution amount will be in proportion to the number of equity shares held by the shareholders.”

#### c) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date:

65,45,245 equity shares issued to the shareholders of merged entities pursuant to the scheme of amalgamation in the financial year 2012-13

#### d) Detail of shareholders holding more than 5% shares in the company

	As at March 31, 2015			As at March 31, 2014		
	Numbers	Amount in Rs	% held	Numbers	Amount in Rs	% held
Nikhil Nanda	8,810,774	88,107,740	36.57%	8,810,774	88,107,740	36.57%
Tano Mauritius India FVCI	3,499,999	34,999,990	14.53%	3,499,999	34,999,990	14.53%

**4 : RESERVES AND SURPLUS**

	(Amount in Rs)	
	As at March 31, 2015	As at March 31, 2014
<b>4.1 Capital reserves</b>		
Opening balance	24,112,040	24,112,040
Add: Amount transferred on account of waiver of term loan ( Refer note no. 29(ii) )	308,289,217	-
<b>Closing balance (A)</b>	<b>332,401,257</b>	<b>24,112,040</b>
<b>4.2 Securities premium account</b>		
Opening balance	344,318,448	344,318,448
Add: Amount utilized earlier towards setting off non recoverable trade receivables (Refer note no. 29(i) )	482,892,640	-
<b>Closing balance (B)</b>	<b>827,211,088</b>	<b>344,318,448</b>
<b>4.3 General reserves</b>		
Opening balance	667,750	667,750
Add: Addition during the year		
<b>Closing balance (C)</b>	<b>667,750</b>	<b>667,750</b>
<b>4.4 Surplus/ (deficit) in the Statement of Profit and Loss</b>		
Opening balance	(29,764,333)	258,332,697
Less: Loss for the year transferred from the Statement of Profit and Loss	(221,768,216)	(288,097,030)
Add: Adjustment for Minority Interest	(200,050)	
Less: Adjustment to the extent of borrowing	252,714	
Less: Adjustment on a/c of depreciation carried to reserve	(19,266)	
<b>Closing balance (D)</b>	<b>(251,099,051)</b>	<b>(29,764,333)</b>
<b>4.5 Foreign Currency Translation Reserve</b>		
Opening balance	38,652,053	23,614,826
Add: Addition during the year	7,205,289	15,037,227
<b>Closing balance (E)</b>	<b>45,857,342</b>	<b>38,652,053</b>
<b>Total Reserves and Surplus (A+B+C+D+E)</b>	<b>955,038,387</b>	<b>377,985,958</b>

**5 : MINORITY INTEREST**

	As At March 31, 2015	As At March 31, 2014
Minority Interest	200,050	200,050
Less: Adjustment made during the year*	(200,050)	-
	-	<b>(200,050)</b>

\* The losses attributable to minority shareholders only to the extent of their minority interest in equity of subsidiary companies and further excess losses applicable to the minority, are adjusted against the majority interest.

**6 : DEFERRED GOVERNMENT GRANT**

	As At March 31, 2015	As At March 31, 2014
Opening balance (Refer footnote 6.1)	2,100,000	2,400,000
Less: Current year amortisation over the balance useful life of the assets (Refer note 22)	300,000	300,000
<b>Closing balance</b>	<b>1,800,000</b>	<b>2,100,000</b>

6.1 In the financial year ended March 31, 2012, the Company had received capital subsidy under the Central Capital Investment Subsidy Scheme, 2003 of the Government of India. The subsidy received is being amortised over the useful life of the assets which is estimated as 10 years.

**7 : LONG TERM BORROWINGS**

(Amount in Rs)

	Non-current portion		Current maturities	
	As at March 31, 2015	March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>Secured</b>				
Indian rupee loan from banks (Term loan)	-	129,573,787	-	77,720,000
Vehicle loans	1,062,970	2,608,954	1,546,192	2,285,160
	1,062,970	132,182,741	1,546,192	80,005,160
“ Amount disclosed under the head other Current liabilities ( Refer note12)	-	-	(1,546,192)	(80,005,160)
<b>Net total amount</b>	<b>1,062,970</b>	<b>132,182,741</b>	<b>-</b>	<b>-</b>

**7.1 Details of security, and repayment terms of One Time Settlement with ICICI Bank / Bank of India (lender banks) \*****Security**

- a. Pari passu charge on movable and non-movable fixed assets being financed by the facility.
- b. Pari passu charge on uncharged net block and on current assets of the company.
- c. Pari passu charge and Equitable mortgage on the following properties of the Company with Banks
  - i. Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas.
  - ii. Khasra no.89 measuring 4.18 bighas.
  - iii. Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas.
  - iv. Khata no. 85/1, measuring 4 bighas.
  - v. Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala-Amb, Tehsil Nahan, District, Sirmour, HP (total land measuring 19.04 bighas) in the name of Company
  - vi. Equitable mortgage of free hold project land measuring in Khata Khatauni no. 19 min/20 min, and Khasra no 86 measuring 3-3 bighas, Khata Khatauni no 21/22, Khasra No. 417/67, measuring 3 bigha khatra khatauni no 23/24, Khasra no 173/60 measuring 2-18 bighas 3 kites, total measuring 9-1 bighas, situated at Mauza Kheri, Tehsil Nahan, District – Sirmour, Himachal Pradesh.
- d. Personal gurantee of Mr. Nikhil Nanda limited to the value of 47,04,446 shares of the Company

\* Refer Note No. 29 (ii)

**7.2 Details of security, and principal repayment terms of Vehicle loans**

Vehicle loans	<b>Rate of interest</b>	Interest rate is in the range of 8% p.a to 12% p.a.
	<b>Repayment terms</b>	Repayable within a period of 60 months.
	<b>Security</b>	Respective assets are hypothecated against the loans taken to acquire such vehicles.

**8 : PROVISIONS**

	Long Term		Short Term	
	As at March 31,2015	As at March 31, 2014	As at March 31,2015	As at March 31, 2014
Provisions for employees benefits				
Provision for gratuity (Refer note 33)	2,981,830	1,761,986	204,069	148,966
Provision for leave benefits (Refer note 33)	800,092	510,387	191,500	126,308
	<b>3,781,922</b>	<b>2,272,373</b>	<b>395,569</b>	<b>275,274</b>



**9 : OTHER NON CURRENT LIABILITIES**

	As at March 31, 2015	(Amount in Rs) As at March 31, 2014
Payable for capital goods	7,507,080	-
	<b>7,507,080</b>	<b>-</b>

**10 : SHORT TERM BORROWINGS**

	As at March 31,2015	As at March 31, 2014
<b>Secured</b>		
Cash Credit from banks in Indian rupee	-	191,151,262
<b>Unsecured</b>		
Interest free loan from related parties repayable on demand (Refer note 35)	165,603,446	137,919,113
Inter corporate Deposit	20,000,000	-
	<b>185,603,446</b>	<b>329,070,375</b>

**11. TRADE PAYABLES\***

	As at March 31,2015	As at March 31, 2014
Trade payables	116,814,149	53,760,909
Trade payables to related party	105,282	-
	<b>116,919,431</b>	<b>53,760,909</b>

\*Refer note 40 for details of dues to Micro Small & Medium Enterprises

**12 : OTHER CURRENT LIABILITIES**

	As at March 31,2015	As at March 31, 2014
Current maturities of long-term debt (Refer note 7)	1,546,192	80,005,160
Overdue principal of ICICI Bank	-	442,507,333
Due towards One Time Settlement with banks	-	-
Bank Of India	68,500,000	-
ICICI Bank	72,502,445	-
Interest accrued and due on borrowings	-	156,921,159
Interest accrued but not due on borrowings	19,886	4,183,346
Book overdraft	2,502,463	11,768,581
Payable for capital goods (Refer note 40 for details of dues to Micro Small & Medium Enterprises)	6,839,346	25,608,187
Advances received from customers	3,264,660	19,755,118
Advance received from related party	1,455,292	-
Expenses payable (Refer note 40 for details of dues to Micro Small & Medium Enterprises)	11,490,576	4,392,887
Payable to employees	9,756,198	7,004,659
Unclaimed dividend*	167,602	167,692
Statutory dues	2,128,762	1,576,429
Other Liabilities	6,000,000	820,730
	<b>186,173,422</b>	<b>754,711,281</b>



**13: FIXED ASSETS**

Particulars	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION & AMORTIZATION					NET BLOCK	
	As at April 1, 2014	Additions	Disposals/adjustments*	As at March 31, 2015	As at April 1, 2014	Depreciation & amortization for the year	Depreciation Charged to Reserve	Disposals/adjustments	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Own assets:											
Tangible assets											
Land	46,354,701	-	-	46,354,701	-	-	-	-	-	46,354,701	46,354,701
Factory Building	313,237,381	-	15,378,904	297,858,477	42,636,163	6,966,187 *	-	-	49,602,349	248,256,127	270,601,218
Office Building	17,116,367	-	-	17,116,367	1,605,641	604,418	-	-	2,210,060	14,906,308	15,510,726
Plant & Machinery	956,558,807	11,400,099	3,315,334	964,643,572	277,929,791	55,758,006 *	-	108,727	333,579,070	631,064,502	678,629,012
Mould & Dies	283,178,418	83,600	-	283,262,018	183,681,067	36,361,784	-	-	220,042,851	63,219,167	99,497,351
Electronic Equipment	86,075,237	-	-	86,075,237	27,656,199	10,079,479	-	-	37,735,678	48,339,559	58,419,038
Lab Equipment	1,020,211	-	-	1,020,211	272,866	109,870	-	-	382,735	637,476	747,345
Furniture & Fixture	22,821,420	-	62,825	22,758,595	7,947,832	3,011,761	-	18,465	10,941,127	11,817,467	14,873,588
Office Equipment	14,796,271	6,394	63,234	14,739,431	6,028,616	6,229,543	-	22,358	12,235,802	2,503,630	8,767,655
Vehicle	22,057,731	-	-	22,057,731	8,241,668	3,372,281	-	-	11,613,949	10,443,783	13,816,064
Computer	3,483,711	-	30,345	3,453,366	2,398,762	835,320	19,266	28,828	3,224,520	228,846	1,084,949
Computer Network	82,687	-	-	82,687	29,881	12,877	-	-	42,758	39,929	52,806
Total tangible assets	1,766,782,942	11,490,093	18,850,642	1,759,422,393	558,428,485	123,341,525	19,266	178,378	681,610,898	1,077,811,495	1,208,354,453
Previous year	1,764,108,224	4,172,316	1,497,598	1,766,782,942	412,044,997	146,570,180	-	196,062	558,419,115	1,208,363,827	1,352,063,228
Own assets:											
Intangible assets											
Computer Software	5,904,923	871,030	-	6,775,953	5,493,400	214,679	-	-	5,708,079	1,067,874	411,523
Total intangible assets	5,904,923	871,030	-	6,775,953	5,493,400	214,679	-	-	5,708,079	1,067,874	411,523
Previous year	5,904,923	-	-	5,904,923	5,015,937	486,838	-	-	5,502,775	402,148	888,986

Note : due to the change in the category of assets as per schedule II of companies act 2013 the previous years figures have been reclassified wherever applicable

\* Refer Note 36(ii)

**14 : LONG TERM LOANS AND ADVANCES**  
(Unsecured and considered good unless stated otherwise)

	As at March 31, 2015	(Amount in Rs) As at March 31, 2014
Security deposit	958,979	7,277,815
Capital advances:		
considered good	184,710,332	184,173,871
considered doubtful	73,023,078	73,683,415
	257,733,410	257,857,286
Less: Provision for doubtful capital advances	(73,023,078)	73,683,415
	184,710,332	184,173,871
Advance tax including tax deducted at source (Net of provisions for income tax Rs Nil) (March 31, 2014: Rs 61,19,106)	7,322,301	7,741,165
Loans and advances to related parties (Refer note 35)		
considered good	-	16,784,158
Loans and advances to others		
considered doubtful	8,273,024	8,273,023
Less: Provision for doubtful capital advances	(8,273,024)	(8,273,023)
Deposits with excise authorities	70,124	70,124
	<b>193,061,733</b>	<b>216,047,133</b>

**15 : OTHER NON-CURRENT ASSETS**

	As at March 31, 2015	(Amount in Rs) As at March 31, 2014
Deposits with Banks having maturity period of more than twelve months*	568,368	2,027,038
Interest accrued on non current fixed deposits	196,372	183,160
	<b>764,740</b>	<b>2,210,198</b>

\*includes pledged & margin money deposits with various government authorities amounting to Rs. 5,68,368 ( Previous year Rs. 15,63,061)

**16 : INVENTORIES****(Valued at lower of cost and net realisable value)**

	As at March 31, 2015	As at March 31, 2014
Raw material	40,794,823	31,635,025
Packing material	40,333,089	9,142,810
Work-in-progress	9,499,687	16,369,104
Finished goods	13,694,035	6,464,031
Stores and spares	88,601	5,283,180
	104,410,235	68,894,150
Less: Provision for obsolete stock	14,283,468	10,700,700
	<b>90,126,767</b>	<b>58,193,450</b>

16.1 Finished goods include excise duty amounting to Rs Nil (Previous Year 50,278)

**17 : TRADE RECEIVABLES\*****(Unsecured and considered good unless stated otherwise)**

	As at March 31, 2015	As at March 31, 2014
(a) Outstanding for a period exceeding six months from the date they were due for payment		
Considered good	198,038,172	144,522,267
Considered doubtful	23,219,482	147,013,483
	221,257,654	291,535,750
Less: Provision for doubtful debts	(23,219,482)	(-147,013,483)
	198,038,172	144,522,267
(b) Other receivables		
Considered good	54,511,526	37,571,381
<b>Total (a+b)</b>	<b>252,549,698</b>	<b>182,093,648</b>

\* Includes amount due from related parties (Refer note 35)

**18 : CASH AND BANK BALANCES**

	As at March 31, 2015	As at March 31, 2014
(a) Cash and cash equivalents		
Cash on hand	2,331,235	91,868
Balances with banks in :		
current accounts	2,418,265	20,141,299
term deposits with original maturity of 3 months or less*	1,640,165	869,350
<b>Total (a)</b>	<b>6,389,665</b>	<b>21,102,517</b>
(b) Other bank balances		
Term deposits with original maturity of more than 3 months but less than 12 months*	3,195,393	2,278,777
Unpaid dividend	167,601	167,691
<b>Total (b)</b>	<b>3,362,994</b>	<b>2,446,468</b>
<b>Total (a+b)</b>	<b>9,752,659</b>	<b>23,548,985</b>



\* includes pledged & margin money deposits with various government authorities amounting to Rs. 34,74,430 ( Previous year Rs. 18,34,232)

### 19. SHORT TERM LOANS AND ADVANCES (Unsecured and considered good unless stated otherwise)

	As at March 31, 2015	(Amount in Rs) As at March 31, 2014	
Loans and advances to employees	115,205	464,596	
Balances with statutory/government authorities			
Service tax receivable	3,976		3,976
Value Added tax	7,143,797		6,322,358
Prepaid expenses	685,418		538,110
Advance to suppliers			
Considered good	13,330,024	3,633,591	
Considered doubtful	332,223	824,250	
Less: Provision for doubtful advances	<u>(332,223)</u>	<u>(824,250)</u>	3,633,591
Loans and advances to corporates and others			
Considered good	-	141,136,992	
Considered doubtful	122,136,992	-	
Less: Provision for doubtful advances	<u>(122,136,992)</u>	<u>-</u>	141,136,992
	<b>21,278,420</b>	<b>152,099,623</b>	

### 20 : OTHER CURRENT ASSETS

	As at March 31, 2015	As at March 31, 2014
Interest accrued but not due on fixed deposits with banks	310,893	110,495
Others	52,194,456	50,125,962
	<b>52,505,349</b>	<b>50,236,457</b>

### 21. REVENUE FROM OPERATIONS

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
<b>Revenue from operations</b>		
Sale of manufactured goods (Refer note 42 and 35)	544,499,241	316,177,333
Service income-job work	-	33,157,920
	<b>544,499,241</b>	<b>349,335,253</b>
<b>Other operating revenue</b>		
Reimbursement of expenses	-	2,654,816
Scrap sales	3,173,225	806,403
Sale of packing material/raw material	5,566,993	-
	<b>553,239,459</b>	<b>352,796,472</b>
<b>Revenue from operations (gross)</b>		
Less: Excise duty (Refer footnote 21.1)	-	-
	<b>553,239,459</b>	<b>352,796,472</b>

21.1 There is no production in taxable units of the Company in current and previous year hence excise duty is nil.

### 22. OTHER INCOME

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
Interest income on fixed deposits	467,193	488,445
Provision no longer required written back	2,473,028	1,627,780
Excess provision for gratuity written back (Refer note 33)	-	1,176,931



Excess provision for leave encashment written back (Refer note 33)	-	406,752
Government grant (Refer note 6)	300,000	300,000
Foreign exchange gain (net)	474,793	3,604,904
Freight and forwarding recovered (net)	1,200,610	2,248,828
Liability no longer required written back	100,799	239,935
Turnover and other discounts	180,775	27,944,011
Sale of obsolete stock	1,979,440	-
Bad Debts Recovered	1,500,000	-
Miscellaneous income	37,664	46,770
	<b>8,714,302</b>	<b>38,084,356</b>

**23. COST OF MATERIALS CONSUMED**

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
Cost of raw materials consumed		
Stock at the beginning of the year	31,635,025	25,381,194
Add: Purchases	243,587,582	151,181,589
	275,222,607	176,562,783
Less: Stock at the end of the year	40,794,823	31,635,025
	<b>234,427,784</b>	<b>144,927,758</b>
Cost of packing materials consumed		
Stock at the beginning of the year	9,142,810	8,057,616
Add: Purchases	170,726,134	44,352,091
	179,868,944	52,409,707
Less: Stock at the end of the year	40,333,089	9,142,810
	<b>139,535,855</b>	<b>43,266,898</b>
	<b>373,963,639</b>	<b>188,194,655</b>

**24. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
Finished Goods		
At the beginning of the year	6,464,031	5,243,744
Less: At the end of the year	13,694,035	6,464,031
	<b>(7,230,004)</b>	<b>(1,220,288)</b>
Work-in-progress		
At the beginning of the year	16,369,104	26,291,336
Add: Purchases	30,389,770	9,616,510
	46,758,874	35,907,846
Less: At the end of the year	9,499,687	16,369,104
	<b>37,259,188</b>	<b>19,538,742</b>
	<b>30,029,184</b>	<b>18,318,455</b>

**25. EMPLOYEE BENEFITS EXPENSE**

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
Salaries, wages, bonus and other allowances	52,843,706	89,104,665
Contribution to provident and other fund (Refer note 33)	2,190,437	1,826,707
Workmen and staff welfare expenses	1,141,120	791,373
Gratuity expense (Refer note 33)	1,289,659	-
Leave encashment (Refer note 33)	435,452	-
	<b>57,900,374</b>	<b>91,722,745</b>

**26. FINANCE COST**

	Year Ended March 31, 2015	(Amount in Rs) Year Ended As at March 31, 2014
Interest expense	1,374,412	123,733,140
Other borrowing cost (loan processing fee/other charges)	-	129,211
Interest on delay in deposit of statutory dues	33,342	12,874
Exchange differences to the extent considered as an adjustment to borrowing cost	-	16,828,002
	<b>1,407,754</b>	<b>140,703,227</b>

**27. DEPRECIATION & AMORTISATION EXPENSES**

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
Depreciation of Tangible Assets	123,341,525	146,570,180
Amortisation of Intangible Assets	214,679	486,838
	<b>123,556,204</b>	<b>147,057,018</b>

**28. OTHER EXPENSES**

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
Consumption of Stores & Spares	9,541,535	1,231,130
Power and fuel	26,444,585	25,831,007
Rent (Refer note 35)	2,891,581	3,457,755
Advertisement expenses	965,874	363,061
Bank charges	245,592	682,555
Business promotion expenses	2,744,707	2,126,341
Brand promotion expenses	177,037	264,355
Repairs and maintenance		
Plant and machinery	5,913,418	6,531,933
Building	1,494,001	643,613
Others	3,599,188	2,009,596
Provision for doubtful loan and advances	517,115	-
Provision for doubtful receivables	-	652,574
Provision for slow moving inventories	3,989,549	1,313,770
Freight and cartage outward	2,672,981	754,976
Insurance	792,997	1,143,118
Legal and professional fees	17,727,100	13,519,771
Rates and taxes	2,728,641	1,557,043
Telephone & postage	1,248,655	1,483,286
Printing and stationery	765,285	436,645
Travelling and conveyance expenses	14,867,064	8,766,919
Loss on sale of fixed assets (net)	367,025	43,021
Directors' sitting fees	60,000	177,777
Job work charges	14,606,659	12,962,885
Testing charges	17,128	151,692
Auditor's remuneration	1,221,411	1,121,320
Office maintenance	3,193,354	3,215,087
Advances written off	1,926,603	-
Security deposit written off	5,406,970	-
Miscellaneous expenses	4,066,572	2,699,880
	<b>130,192,627</b>	<b>93,141,111</b>

**29. EXCEPTIONAL ITEMS**

	Year Ended March 31, 2015	(Amount in Rs) Year Ended As at March 31, 2014
(a) Trade receivable written off (refer foot note no. i )	482,892,640	-
(b) Reversal of Interest on the borrowings (refer foot note no. ii)	(161,067,550)	-
(c) waiver of working capital facilities ( refer foot note no. ii)	(249,920,869)	-
(d) Provision for doubtful trade receivables written back ( refer foot note no. iii)	(123,794,001)	146,360,909
(e) Provision for doubtful advances ( refer foot note no. iv)	122,136,992	72,838,186
(f) Provision for fines & penalties ( refer foot note no. v)	4,651,900	-
(g) Liabilities no longer required written back ( refer foot note no. vi)	(9,585,544)	(154,501,657)
	<b>65,313,567</b>	<b>64,697,438</b>

- (i) In the financial year 2012-13, as per the management's decision, the Company had written off its unrealizable trade receivables amounting Rs. 48.28 crores which were set-off against Securities Premium Account directly. This was subject to approval of the application made to the Hon'ble High Court of Himachal Pradesh for ratifying the said adjustment. The management has decided to withdraw the said application from the Hon'ble High Court. Accordingly, during the year the Company has reversed the treatment given in the earlier year for write off amounting to Rs. 48.28 crores by crediting Securities Premium Account and charged the write off to Statement of Profit and Loss as on March 31, 2015
- (ii) During the year ended on March 31, 2015, the Company has entered into "One Time Settlement" (OTS) of dues with its lender banks to clear all the outstanding loans & interest thereon. As per the terms of the OTS the Company was required to pay Rs. 23.50 crores as the OTS amount before 30.06.2015
- As a result of OTS, the unpaid interest on borrowings outstanding as on March 31, 2014 has been reversed and credited to the statement of profit and loss. Further, the waiver under OTS has been proportionately apportioned between the outstanding liabilities towards the various working capital facilities and term loan as detailed under:
- the waiver amount on account of working capital facilities has been credited to the Statement of Profit and Loss ;
  - the waiver amount on account of term loan facilities amounting to Rs. 30.82 crores has been credited to Capital Reserve directly being in the nature of capital receipt.
- As on the date of signing of the result the Company has made the entire payments as per the terms of the OTS agreed with the banks & consequently the banks has also issued no dues certificates to the Company. Consequently the banks has released the charges on the assets of the Company and withdrawn the proceedings from debt recovery tribunal.
- (iii) As on date, the Company has realised its foreign trade receivables which were outstanding since long and against which the Company had made provisions in the earlier year. Consequently, the provision equal to amount recovered has been written back in the financial statements of current year.
- (iv) During the year, the Company as part of its regular recoverability evaluation process has identified certain capital and other advances which were doubtful of recovery or did not have recoverable value equivalent to the book value. Accordingly, on a prudent basis, the management has recorded a provision of Rs. 12.21 crores (previous year Rs. 7.28 crores ) in the books of account towards such advances or portions thereof, which were doubtful of recovery. The management is continuously monitoring the settlement of these balances and is regularly following up with respective parties for recovery of the said advances. The management believes that other advances which have not been provided for, although have been long outstanding are fully recoverable, hence, the management believes that existing provision recorded in books is sufficient to cover any possible future losses on account of non recovery of such advances.
- (v) The Company was unable to publish its quarterly financial results within the time as specified under clause 41 of the listing agreement due to some unforeseen reasons beyond the control of the Company. The Company has provided penalty amounting to Rs. 0.47 Crore levied by the Stock Exchanges (i.e. BSE & NSE) from the date of default i.e. 15.08.2014 to 31.03.2015 for non compliance of clause 41 of the listing agreement.
- (vi) During the year, the Company carried out a detailed exercise to review its long outstanding payables and pursuant to such exercise, has written back an amount of Rs 0.96 Crore payable to various parties as in the opinion of the management such amounts were not payable to respective parties. Such old unpaid balances were mainly due to the fact that certain vendors had supplied less than billed quantity, defective or sub-standard material or material not meeting specifications given by the Company. The management does not expect any liability to devolve on the Company in respect of balances so written back.

**30. PRIOR PERIOD EXPENSE (NET)**

	Year Ended March 31, 2015	Year Ended As at March 31, 2014
Conveyance expenses	-	20,447
Legal and professional expenses	916,437	-
	<b>916,437</b>	<b>20,447</b>



### 31. Contingent liabilities

#### I. Claims against the Company not acknowledged as debts:

- a. Sales tax demand for non-submission of statutory forms for the year 2007-08 amounting to Rs Nil (March 31,2014 Rs 4,73,011)
- b. Winding up petition filed against the Company amounting to Rs Nil (March 31,2014 Rs 12,00,000)
- c. Matters under litigation
  - i. The Company is a party to various legal proceedings in the normal course of business. The Company's pending proceedings/ litigations comprise of claims against the Company by employees, vendors & customers amounting to Rs 3,05,78,000 (March 31,2014 Rs 14,61,000). The said claims however are disputed by the Company and the Company has also filed its counter claims. The Company has reviewed all its pending proceedings and litigations and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements.
  - ii. One of the major customers of the Company has wrongfully decided not to renew / terminate the contracts across all the business segments due to which certain assets got idle. However, in order to safeguard the interest of the shareholders, the Company has been pursuing litigation and has sought specific performance of the contract as well against these arbitrary and unjust acts of the multinational Company. The Company has filed various suits against the said customer amounting to Rs 6,29,99,80,817 and vice versa said customer has also filed counter claims against the Company amounting to Rs 2,06,14,52,365.

#### II. Others

Bank Guarantee issued by banks amounting to Rs 69,10,605 (March 31,2014 Rs 1,19,10,605 ).

The Company does not expect the outcome of these proceedings and litigations to have a material adverse effect on the Company's financial conditions, results of operation or cash flows.

### 32. Capital commitments:

Particulars	March 31, 2015	(Amount in Rs)
		March 31, 2014
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances Rs. 5,79,39,463 (March 31, 2014: Rs. 5,79,39,463).	21,61,20,545	21,58,54,537
<b>Total</b>	<b>21,61,20,545</b>	<b>21,58,54,537</b>

### 33. Employee benefit obligations

As per Accounting Standard 15 "Employee Benefits" the disclosures relating to employee benefits obligations defined in the Accounting Standard are given below:

- a) **Defined contribution plan** - Employer's contribution to provident fund and Employees' State Insurance Scheme recognized as expense in the Statement of Profit and Loss for the year are as under:

Particulars	Year ended March 31, 2015	(Amount in Rs)
		Year ended March 31, 2014
Contribution to Provident fund*	16,91,745	13,35,986
Contribution to Employees' State Insurance Scheme*	4,98,643	4,90,721
<b>Total</b>	<b>21,90,388</b>	<b>18,26,707</b>

\*Included in contribution to provident and other funds under employee benefit expenses (Refer Note 25)

#### b) Defined benefit plan

**Gratuity** - The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit (PUC) method, which recognizes 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.

**Leave benefits** - Provision for leave benefits is made by the Company on the basis of actuarial valuation using the Projected Unit Credit (PUC) method.



**I. Actuarial assumptions**

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	Year ended	Year ended	Year ended	Year ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Economic assumptions:</b>				
Discount rate (p.a.)	7.80%	9.10%	7.80%	9.10%
Rate of escalation in salary (p.a.)	7.00%	7.00%	7.00%	7.00%
Rate of availing leave in the long run (p.a.)	-	-	11.00%	11.00%
<b>Demographic assumptions:</b>				
Retirement age	58 Years			
Mortality table (IALM)	IALM(2006-08) (March 31 2014 IALM 2006-08)			
Withdrawal rates (All ages)	7.00%			

**Note:**

The discount rate has been assumed at 7.8% (March 31, 2014: 9.10%) which is determined by reference to market yield at the Balance Sheet date on Government Securities. 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.

**II. Reconciliation of opening and closing balances of defined benefit obligation (Amount in Rs)**

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	Year ended	Year ended	Year ended	Year ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Defined benefit obligation at the beginning of the year	19,10,952	31,80,443	6,36,695	16,47,471
Interest cost	1,73,897	2,57,616	57,939	1,33,445
Past service cost	-	-	-	-
Current service cost	11,23,918	4,60,123	1,52,528	1,09,135
Curtailement cost/(credit)	-	-	-	(58,449)
Actuarial (gain)/loss on obligation	(8,156)	(18,94,670)	2,24,985	(5,90,883)
Benefits paid	(14,712)	(92,560)	(80,555)	(6,04,024)
Present value of obligation at the end of the year	31,85,899	19,10,952	9,91,592	6,36,695
Short term provisions (Refer note 7)	2,04,069	1,48,966	1,91,500	1,26,308
Long term provisions (Refer note 7)	29,81,830	17,61,986	8,00,092	5,10,387

**III. Expense recognized during the year (Amount in Rs)**

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	Year ended	Year ended	Year ended	Year ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Current service cost	11,23,918	4,60,123	1,52,528	1,09,135
Interest cost	1,73,897	2,57,616	57,939	1,33,445
Curtailement cost/(credit)	-	-	-	(58,449)
Net Actuarial (gain)/loss recognized	(8156)	(18,94,670)	2,24,985	(5,90,883)
Expenses/ (income) recognized in the Statement of Profit and Loss (Refer note 25)	12,89,659	(11,76,931)	4,35,452	(4,06,752)



#### IV. Amount for current and previous periods on account of experience adjustment

(Amount in Rs)

Gratuity (Unfunded)					
Particulars	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011
Present value of obligation	31,85,899	19,10,952	31,80,443	25,95,767	8,70,838
Deficit	(31,85,899)	(19,10,952)	(31,80,443)	(25,95,767)	(8,70,838)
Experience gain/ (loss) on present benefit obligation	3,82,841	17,08,615	12,89,250	(9,15,941)	6,45,937

Leave benefits (Unfunded)					
Particulars	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011
Present value of obligation	9,91,592	6,36,695	16,47,471	10,95,094	-
Deficit	(9,91,592)	(6,36,695)	(16,47,471)	(10,95,094)	-
Experience gain/ (loss) on Present Benefit Obligation	(1,73,060)	6,91,759	4,57,773	27,721	-

V. Employer's best estimate of contribution towards gratuity during the next year is Rs.15,71,745 (March 31, 2014: Rs. 7,47,415 )

Employer's best estimate of contribution towards leave benefits during the next year is Rs.3,27,161 (March 31, 2014: Rs. 2,34,033)

#### 34. Segment reporting

##### a. Primary Segment Reporting-Business Segment

The group's business segments are classified as under:

- Full service goods based contract manufacturer- oral care: Includes manufacturing of oral care products as a contractor for other brands.
- Full service goods based manufacturing sale- oral care: This is a new segment as during the year group has started manufacturing its own brand of tooth brush.
- Job Work – Oral care and hygiene care: Includes job work for customers on oral care and hygiene care products.
- Marketing and distribution – Includes trading of goods and distribution activities.
- Dental care clinics: Includes dental care clinic services.

##### Primary Segment Information: Business Segment

Particulars	March 31, 2015	March 31, 2014
<b>A SEGMENT REVENUE</b>		
i) Full service goods based-contract manufacturer - Oral care	49,01,87,526	29,62,45,647
ii) Manufacturing sale- Oral care	6,30,51,933	2,07,38,089
iii) Job work – Oral care and hygiene care	-	3,58,12,736
iv) Marketing and distribution	-	-
v) Dental care clinics	-	-
<b>Total</b>	<b>55,32,39,459</b>	<b>35,27,96,472</b>



## B SEGMENT RESULTS

i) Full service goods based-contract manufacturer - Oral care #	(18,14,81,550)	(14,59,22,842 )
ii) Manufacturing sale- Oral care #		
iii) Job work – Oral care and hygiene care	(3,71,43,701)	(6,61,92,394)
iv) Marketing and distribution	(33,424)	(98,689)
v) Dental care clinics	(3,78,155)	(95,723)
<b>Total</b>	<b>(21,90,01,834)</b>	<b>(21,22,50,593)</b>
<b>Less :</b>		
Finance Costs	14,07,754	14,07,03,227
Prior period Expense	9,16,437	20,447
<b>Total profit before Tax and Extraordinary Items</b>	<b>(22,13,26,025 )</b>	<b>(35,29,74,267)</b>

## C Capital expenditure

i) Full service goods based-contract manufacturer - Oral care #	16,36,702	42,67,898
ii) Manufacturing sale- Oral care #		
iii) Job work – Oral care and hygiene care	1,07,24,421	1,08,070
iv) Marketing and distribution-	-	-
v) Dental care clinics	-	-
<b>Total</b>	<b>1,23,61,123</b>	<b>43,75,968</b>

## D Depreciation

i) Full service goods based-contract manufacturer - Oral care #	10,20,47,142	10,64,32,804
ii) Manufacturing sale- Oral care #		
iii) Job work – Oral care and hygiene care	2,14,16,113	4,05,58,340
iv) Marketing and distribution	-	-
v) Dental care clinics	92,948	65,873
<b>Total</b>	<b>12,35,56,303</b>	<b>14,70,57,018</b>

## E Net segment assets\*

i) Full service goods based-contract manufacturer - Oral care #	90,80,60,602	79,54,01,168
ii) Manufacturing sale- Oral care #		
iii) Job work – Oral care and hygiene care	31,75,83,951	68,09,98,127
iv) Marketing and distribution	30,78,44,570	30,06,14,504
v) Dental care clinics	5,01,452	8,63,871
<b>Total</b>	<b>153,39,90,575</b>	<b>177,78,77,670</b>

\* Net Segment Assets = Segment Assets- Segment liabilities

# The segmental information for reportable segments "Full service goods based-Oral Care " is currently not realistically ascertainable as the manufacturing process for this segment and that for full service goods based contract manufacturing is similar. The Company is in the process of making necessary changes in the accounting software to derive relevant details related to this new reportable segment.

## b. Secondary Segment Reporting-Geographical Segments

The analysis of geographical segments is based on the geographical location of the customers.

### Secondary Segment Information: Geographical Segment

Particulars	India	Dubai	Others	Total
**Segment Revenue	55,32,39,459 (35,27,96,472)	- -	- -	55,32,39,459 (35,27,96,472)

Figures in bracket indicate previous year figures.

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

Segment Revenue is inclusive of Excise duty.



### 35. Related party disclosures

The disclosures as required by the Accounting Standard -18 (Related party disclosures) are as under:

#### a. Names of related parties and description of relationship:

S. No.	Relationships	Name of Related Party
i.	Individuals having significant influence over the Company and Key Management Personnel (KMP)	a) Mr. Nikhil Nanda (Managing Director) b) Mr. Vishal Sarad Shah (Whole time Director w.e.f 14.02.2015) c) Mr. Paramveer Singh (Chief Executive Officer) d) Mr. Neeraj Kumar (Chief Financial Officer) e) Ms Isha Sablok (Company Secretary upto 13.04.2015) f) Mr Dheeraj Kumar Jha (Company Secretary w.e.f 13.04.2015)
ii.	Relatives of persons in (ii)	a) Mrs. Sushma Nanda
iii.	Enterprises over which significant influence can be exercised by persons mentioned in (ii) and (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 Infrastructure Private Limited f) Apogee Manufacturing Private Limited g) Dr. Fresh IT Parks Private Limited h) Magna Waves Impex Private Limited i) Secure Rail India Private Limited

#### b. Transactions with related parties taken place during the year are disclosed as under:

S. No.	Transactions	Key management personnel and relatives of key management personnel	(Amount in Rs) Enterprises over which key management personnel and their relatives exercise significant influence
a.	<b>Revenue:</b>		
(i)	<b>Sales of products</b>		
	-Apogee Manufacturing Private Ltd	- (-)	31,18,954 (-)
b.	<b>Reimbursement of Expense:</b>		
	<b>Freight Recovery</b>		
	-Apogee Manufacturing Private Ltd	- (-)	13,470 (-)
c.	<b>Expenditure:</b>		
(i)	<b>Rent expenses</b>		
	-Nikhil Nanda	56,180 (-)	- (-)
	-Number One Real Estate Private Limited	- (-)	20,39,334 (22,24,728)
(ii)	<b>Electricity expenses</b>		
	-Nikhil Nanda	31,210 (-)	- (-)



	-Number One Real Estate Private Limited	- (-)	9,14,035 (8,35,024)
<b>(iii) Directors/KMP Remuneration#:</b>			
	- Nikhil Nanda	10,00,000 (24,00,000)	- (-)
	- Paramveer Singh	14,88,328 (-)	- (-)
	-Neeraj Mittal	6,50,640 (-)	- (-)
	-Isha Sablok	3,22,174 (-)	- (-)
<b>d. Unsecured loans/Advances:</b>			
<b>(i) Loans/ Advances taken</b>			
	-Nikhil Nanda	6,64,00,000 (-)	- (-)
	-Apogee Manufacturing Private Limited	- (-)	1,39,65,500 (7,61,80,730)
<b>(ii) Loans/ Advance repaid:</b>			
	-Apogee Manufacturing Private Limited	- (-)	1,86,00,000 (12,52,90,000)
	-Nikhil Nanda	3,99,50,000 (1,18,00,000)	- (-)
	-Sushma Nanda	12,34,333 (-)	- (-)
<b>e. Loans and advances:</b>			
<b>(i) Loans and advances given (including security deposits):</b>			
	-Number One Real Estate Private Limited	- (-)	10,00,000 (-)
<b>(ii) Repayment received:</b>			
	-JHS Svendgaard Infrastructure Private Limited	- (-)	- (5,000,000)
	-Magna Waves Impex Private Limited	- (-)	- (1,107,000)
	-Number One Real Estate Private Limited	- (-)	1,60,40,000 (-)
<b>f. Security Deposit Recovered/Adjusted :</b>			
	-Number One Real Estate Private Limited	- (-)	9,00,000 (-)
<b>g. Provision made- trade receivables</b>			
	-Dr Fresh Inc.	- (-)	- (111,896,640)

# The remuneration to the key management personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

The remuneration of the MD has been provided till 31st August, 2014 and for the remaining term period keeping in view the current financial position of the Company Managing Director gave his consent to waive off the same by sending his consent letter

## c. Details of outstanding balances with related parties are disclosed as under:

S. No.	Transactions	Key management personnel and their relatives	(Amount in Rs)
			Enterprises over which key management personnel and their relatives exercise significant influence
<b>a.</b>	<b>Payables</b>		
<b>(i)</b>	<b>Unsecured loan:</b>		
	-Nikhil Nanda	16,46,33,525 (13,81,83,525)	- -
	-Sushma Nanda-	- (12,34,333)	- (-)
<b>(ii)</b>	<b>Other liabilities:</b>		
	-Nikhil Nanda	87,390 (-)	- (-)
	Number One Real Estate	- (-)	1,05,282 (-)
	-Apogee Manufacturing Private Limited	- (-)	14,55,292 (-)
<b>b.</b>	<b>Receivables:</b>		
<b>(i)</b>	<b>Loans and advances (including security deposits):</b>		
	-Number One Real Estate Private Limited	- (-)	- (1,67,84,158)
	-Sunehari Exports Limited-	- (-)	4,36,125 (4,36,125)
<b>(ii)</b>	<b>Trade receivables (excluding provision if any) :</b>		
	-Dr. Fresh Inc., USA	- (-)	5,05,59,451 (11,93,23,697)
	-Sunehari Exports Limited-	- (-)	9,714 (9,714)
<b>c.</b>	<b>Provision:</b>		
<b>(i)</b>	<b>Provision for doubtful trade receivables</b>		
	Dr Fresh Inc, USA	- (-)	2,32,19,482 (11,18,96,640)

## 36.

- i) During the year, the Company has revised the depreciation rates based on the useful lives of its all tangible assets as prescribed in Part C of Schedule II to the Companies Act, 2013 except Moulds & Dies which are depreciated over the useful life of 5 years as estimated by the Management. The management has identified tangible fixed assets and their major components and has reviewed / determined their remaining useful lives. Accordingly, the depreciation on tangible fixed assets is provided for in accordance with the provisions of Part C of Schedule II to the Companies Act, 2013. In respect of assets whose remaining useful life is 'Nil', as on March 31, 2014, their carrying amount of Rs. 38,95,012 after retaining the residual value as on 1st April, 2014 has been charged to the Statement of Profit & Loss. On account of the above changes, depreciation for the current year is lower by Rs. 1,19,27,794.
- ii) During the year, the Company has carried out a detailed exercise to review its long outstanding capital payables and pursuant to such exercise, the Management is of view that these amounts were not payable to such parties. These old unpaid balances were mainly due to the fact that certain vendors had supplied defective or sub-standard material or material not meeting specifications given by the Company. The management does not expect any liability to devolve on the Company in respect of above unpaid balances. Consequently, the cost of assets has been adjusted during the year amounting to Rs 1,82,60,239 and depreciation charged thereon has also been reversed by Rs 36,02,771.



- iii) One of the major customers of the Company has wrongfully decided not to renew / terminate the contracts across all the business segments due to which certain assets got idle. However, in order to safeguard the interest of the shareholders, the Company has been pursuing litigation and has sought specific performance of the contract as well against these arbitrary and unjust acts of the multinational Company. Hence, as the matter is sub-judice, the management cannot even consider the impairment as that would impact upon the litigation

### 37. Deferred Tax

In accordance with Accounting Standard 22 'Accounting for taxes on income', in view of recurring losses and absence of reasonable certainty, the Company has not recognized deferred tax assets amounting to Rs 13,08,43,367/- during the year ended on March 31,2015 . Further, there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized , as Company is enjoying tax benefit under section 80-IC of the Income Tax Act, 1961. Therefore no deferred tax assets have been recognized on brought forward business losses and unabsorbed depreciation during the year ended on March 31, 2015. Consequently, the net deferred tax assets/liability as at March 31, 2015 is Nil.

Deferred tax assets and liabilities are attributable to the following:

Particulars	As at March 31,2015	Charge/(benefit) for the year	(Amount in Rs) As at March 31,2014
<b>Deferred tax liability</b>			
Depreciation and amortization	10,02,72,100	(94,69,095)	9,08,03,005
<b>Total Deferred tax liability (A)</b>	<b>10,02,72,100</b>	<b>(94,69,095)</b>	<b>9,08,03,005</b>
<b>Deferred tax Asset</b>			
Provision for bonus	2,37,806	97,421	1,40,385
Provision for doubtful receivables	50,22,374	(3,44,36,273)	3,94,58,647
Provision for obsolete stock	32,46,806	6,11,766	26,35,040
Provision for gratuity	7,92,809	2,17,336	5,75,473
Provision for leave encashment	2,19,192	79,971	1,39,221
Provision for doubtful advance	5,66,21,369	3,65,14,327	2,01,07,042
Provision for diminution in value of investments	10,78,762	(53,938)	11,32,700
Interest accrued but not due	4,981	(12,23,633)	12,28,614
Interest accrued and due under section 43B	-	(3,65,67,659)	3,65,67,659
Unrealised exchange loss on capex loans	-	(1,51,29,045)	1,51,29,045
Brought Forward losses	16,38,91,368	16,38,91,368	-
<b>Total Deferred tax assets (B)</b>	<b>23,11,15,467</b>	<b>11,40,01,641</b>	<b>11,71,13,826</b>
<b>Deferred tax Asset (net) (B-A)</b>	<b>13,08,43,367</b>	<b>13,08,43,367</b>	<b>2,63,10,821</b>

### 38. Earnings/(Loss) per share

Statement on calculation of basic and diluted EPS is as under:

S. No.	Particulars	Units	Year ended March 31, 2015	Year ended March 31, 2014
A	Loss after tax	Rs.	(22,17,68,216)	(28,80,97,030)
B	Weighted average no. of equity shares	Nos.	2,40,95,252	2,40,95,252
C	Number of equity shares for Dilutive EPS	Nos.	2,40,95,252	2,40,95,252
	Nominal value per share	Rs.	10	10
	Basic Earnings/(Loss) per share (A/B)	Rs.	(9.19)	(11.95)
	Dilutive Earnings/(Loss) per share (A/C)	Rs.	(9.19)	(11.95)



**39. Obligation on long term, cancellable operating lease:**

The Company has taken premises under cancellable operating leases with an option of renewal at the end of the lease term with mutual consent. There are scheduled escalation clauses. Lease rental expense of Rs. 28,91,581 (March 31, 2014: Rs. 34,57,755) charged to the Statement of Profit and Loss during the year.

40. 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 (MSME) and pay them interest on overdue amount beyond the specified period irrespective of the terms agreed with the suppliers. The Company has sent e-mails/letters by post to its vendors for obtaining above required information. The Company has not been able to identify the MSME suppliers in absence of written response from its vendors, therefore the liability of interest, if any, cannot be estimated. Management is of the opinion that there will be no liability in view of supplier profile of the Company.

**41. Details of derivative instruments and un hedged foreign currency exposures as at March 31, 2015 are as under:**

(a) There are no derivative instruments during the year and as at March 31, 2015 and March 31, 2014.

(b) Particulars of unhedged foreign currency exposure as on March 31, 2015:

Particulars	Currency	March 31, 2015		Currency	March 31, 2014	
		Amount in Foreign Currency	Amount in Rs.		Amount in Foreign Currency	Amount in Rs.
<b>A. Receivable in foreign currency</b>						
Trade receivables*	USD	13,74,983	8,58,09,477	USD	24,94,973	15,44,40,540
Advance to Suppliers	USD	11,953	6,61,155	USD	2,921	183,797
<b>B. Payables in foreign currency</b>						
Trade payables	USD	Nil	Nil	USD	156	9,350
Foreign currency loans including interest	USD	-	-	USD	39,64,362	23,82,57,371

\* There is a provision of Rs. 2,32,19,482/- (March 31, 2014: Rs. 14,63,60,909/-) against these receivable balances.

**42. Detail of sale of products:**

Particulars	Year ended March 31, 2015	(Amount in Rs.) Year ended March 31, 2014
		Oral care products
Other products	-	13,46,480
<b>Total</b>	<b>54,44,99,242</b>	<b>31,61,77,333</b>

43. Balances shown under trade receivables, loans & advances, trade payables and other liabilities are subject to reconciliation/confirmation and respective consequential adjustments.

44. JHS Svendgaard Mechanical and Warehouse Private Limited has accumulated losses of Rs 34.97 lakhs as on 31st March 2015 and its net worth has been fully eroded. The company has incurred a net loss of Rs 0.33 lakhs during the current year and Rs 34.64 lakhs during the previous years.

JHS Svendgaard Dental Care Limited has accumulated losses of Rs 50.05 lakhs as on 31st March 2015 and its net worth has been fully eroded. The company has incurred a net loss of Rs 3.78 lakhs during the current year and Rs 46.27 lakhs during the previous years.



45. Additional information regarding subsidiaries

Name of Entity	Net Assets*		Share in Profit or loss	
	% of consolidated net assets	Amount	% of consolidated net assets	Amount
Parent Subsidiaries- Indian				
JHS Svendgaard Mechanical and Warehouse Private Limited	11.00	12,62,42,308	-	(33,424)
JHS Svendgaard Dental Care Limited	(0.04)	(4,68,470)	-	(3,78,155)
Parent Subsidiaries- Foreign				
Jones H Smith FZE	15	18,16,02,262	-	-
Minority Interests in all subsidiaries		2,00,050	-	-

\*Net Assets means total assets minus total liabilities.

46. Previous year figures have been regrouped/ reclassified wherever considered necessary to confirm to the presentation of current year's financial statements.

As per our report of even date attached.

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

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

**S.K.Khattar**  
Partner  
Membership no.: 084993  
Place : New Delhi  
Date : 14.07.2015

**Nikhil Nanda**  
Managing Director  
DIN : 00051501  
**Dhiraj Kumar Jha**  
Company Secretary

**Vishal Sarad Shah**  
Whole Time Director  
DIN : 07113784  
**Neeraj Kumar**  
Chief Financial Officer



## FORM AOC1

### Persuant to first proviso to sub-section (3) of 129 read with rule 5 of companies (Accounts) Rules, 2014

Statement Containing salient feature of the Financial Statement of Subsidiaries

Name of Subsidiary	JHS SVENDGAARD DENTAL CARE LIMITED	JHS SVENDGAARD MECHNANICAL AND WAREHOUSE PRIVATE LIMITED	JONES H SMITH FZE
	Indian Subsidiary	Indian Subsidiary	Foreign Subsidiary
Reporting Currency INR ( refer note i)	INR	INR	
Share Capital	4,099,050.00	100,000.00	1,088,330.00
Reserve and Surplus	(4,805,925.00)	(3,497,335.00)	179,008,210.00
Total Assets	526,010.00	126,264,367.00	181,630,107.00
Total Liabilities	1,432,925.00	129,661,712.00	1,533,566.00
Investments	-	-	-
Turnover	-	-	-
Profit Before Taxation	(378,155.00)	(33,424.00)	-
Provision For Taxation	-	-	-
Profit After Taxation	(378,155.00)	(33,424.00)	-
Proposed Dividend	-	-	-
% of Shareholding	95.12%	99.99%	100.00%

Notes :

i) converted in to Indian Rupees at the Exchnage rate INR 16.9371 = 1 AED

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

**Nikhil Nanda**  
Managing Director  
DIN : 00051501

**Vishal Sarad Shah**  
Whole Time Director  
DIN : 07113784

**Dhiraj Kumar Jha**  
Company Secretary

**Neeraj Kumar**  
Chief Financial Officer



## JHS Svendgaard Laboratories Limited

Regd. Office: Trilokpur Road, Kheri Kala -Amb, Tehsil - Nahan, Distt: Sirmaur, Himachal Pradesh -173030  
Corporate Identity Number: L24230HP2004PLC027558  
Tel.: + 91- 1702 – 302100 • Fax: + 91 - 1702 - 238831  
Website: www.svendgaard.com • email: investors@svendgaard.com

### ATTENDANCE SLIP

(PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL)

Joint shareholders may obtain additional slip at the venue of the meeting

Name of the attending Member (in Block Letters)	
Member's Folio Number / Client ID & DP ID	
No of shares held Name of Proxy (in Block Letters) to be filled in if the Proxy attends instead of the Member)	

I hereby record my presence at the 11th Annual General Meeting of the Company held at Trilokpur Road, Kheri Kala -Amb, Tehsil - Nahan, Distt: Sirmaur, Himachal Pradesh on Tuesday, September 1, 2015 at 11:00 a.m. and any adjournment thereof.

\* To be signed at the time of handing over the slip

\* Member's / Proxy's Signature

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## JHS Svendgaard Laboratories Limited

Regd. Office: Trilokpur Road, Kheri Kala -Amb, Tehsil - Nahan, Distt: Sirmaur, Himachal Pradesh -173030  
Corporate Identity Number: L24230HP2004PLC027558  
Tel.: + 91- 1702 – 302100 • Fax: + 91 - 1702 - 238831  
Website: www.svendgaard.com • email: investors@svendgaard.com

### PROXY FORM

Name of the member(s)		Email Id	
Address:		Folio No/ *Client Id *DP Id:	

I/We being the member(s) of.....shares of JHS Svendgaard Laboratories Limited, hereby appoint:

- 1) \_\_\_\_\_ of \_\_\_\_\_ having email id \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having email id \_\_\_\_\_ or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_ having email id \_\_\_\_\_ or failing him

and whose signature(s) are appended below as my /our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 11th Annual General Meeting of the Company to be held on Tuesday, 1st September, 2015 at Trilokpur Road, Kheri Kala -Amb, Tehsil - Nahan, Distt: Sirmaur, Himachal Pradesh, at 11:00 am and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above proxy to vote in the manner as indicated in the box below

**RESOLUTIONS**

SL. NO.	ORDINARY BUSINESS	FOR	AGAINST
1	Adoption of audited Financial Statements for the year ended 31st March, 2015		
2	Appointment of a Director in place of Mr. Vanamali Polavaram, Non-Executive Director who retires by rotation and being eligible offers himself for re-appointment.		
3	Appointment of M/s S. N. Dhawan & Co. Chartered Accountants, (FRN:000050N) for a term of 5 years from the conclusion of this ensuing Annual General Meeting till the conclusion of Annual General Meeting to be held in 2020.		
	<b>SPECIAL BUSINESS</b>		
4	Appointment of Mr. Mukul Pathak (DIN: 00051534) as an Independent Director for a term of five years w.e.f 02nd July, 2015 till 01st July, 2020		
5	Confirmation of the appointment of Mr. Vishal Sarad Shah (DIN: 07113784), Additional Director, as a Director of the Company w.e.f. 14.02.2015.		
6	Confirm the appointment of Mr. Vishal Sarad Shah (DIN: 07113784), as a Whole Time Director of the Company w.e.f. 14.02.2015		
7	Appointment of Ms. Mahima Suri of Mahima Suri & Associates as secretarial Auditor of the Company for the financial year 2015-16		
8	Enhancement of Authorised Share Capital and Alteration of Capital Clause contained in the Memorandum of Association		
9.	Issuance of Convertible warrants on preferential basis		

\* Applicable for investors holding shares in electronic form.

Signature

this.....day of.....2015 Signature of shareholder

Affix  
Revenue  
stamp here

Signature of first Proxy holder

Signature of second Proxy holder

Signature of third Proxy holder

Note:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (4)\*\* This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
- (5) Appointing a proxy does not prevent a members from attending the meeting in person if he so wishes.
- (6) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



# Aquawhite™

Toothbrushes | Toothpaste | MouthWash



JHS has worked with these companies at some point of time.



# Aquawhite™

## NOW FAITH GETS REWARDED TWICE OVER



You have the power to earn more  
by appointing distributors

You have shown your faith by staying invested in your company.  
Now double your remuneration by taking on a distributorship  
of Aquawhite brand for friends, relations or even just yourself.  
The more you sell, the more income flows to you directly and also  
through the company back to you. This privilege is only limited  
to our exclusive share holder family. Start today and let's prosper  
together.



Write to: [gk.rawat@svendgaard.com](mailto:gk.rawat@svendgaard.com), [lehar@svendgaard.com](mailto:lehar@svendgaard.com) Call to: 98991 92241