

# JHS Svendgaard Laboratories Limited



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. D. S. Grewal - Chairman  
Mr. Nikhil Nanda - Managing Director  
Mr. G. K. Nanda - Whole-Time Director  
Mr. Naveen Breja - Non-Executive Director  
Mr. P. Vanamali - Independent Director  
Mr. Mukul Pathak - Independent Director

### STATUTORY AUDITORS

Haribhakti & Company,  
Chartered Accountants  
42-43, Free Press House,  
Nariman Point Mumbai 400 021  
Tel 022-56308232  
Fax 022-22876249

### COMPANY SECRETARY

Mr. Jagmohan Bijalwan

### CORPORATE OFFICE

B-1/ E-23, Mohan Cooperative Industrial Area,  
Mathura Road, New Delhi-110044

### REGISTERED OFFICE

Trilokpur Road, Kheri (Kala-Amb),  
Tehsil-Nahan, District-Sirmour,  
Himachal Pradesh-173030

### REGISTRAR AND TRANSFER AGENT

Intime Spectrum Registry Limited  
A-40, Naraina Industrial Area,  
215, Phase-II, Near Batra Banquet Hall,  
New Delhi - 110028  
Ph: 011-41410592  
Fax: 011-41410591  
Email: delhi@intimespectrum.com

### BANKERS

ICICI Bank Limited  
Centurion Bank Of  
Punjab Limited

## WORKS

### Unit I

Sunehari Svendgaard Laboratories, (a unit of JHS Svendgaard Laboratories Limited),  
B-1/ E-23, Mohan Cooperative Industrial Area, Mathura Road, New Delhi-110044

### Unit II

Sunehari Oral Care, (a unit of JHS Svendgaard Laboratories Limited),  
B-1/ E-13, Mohan Cooperative Industrial Area, Mathura Road, New Delhi-110044

### Unit III

Jai Hanuman Exports, (a unit of JHS Svendgaard Laboratories Limited),  
H- 3, SDF, NSEZ, Noida Phase II, Dadri Road, Gautam Budh Nagar, Uttar Pradesh – 201305

### Unit IV

JHS Svendgaard Laboratories Limited,  
Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030

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# JHS Svendgaard Laboratories Limited

## NOTICE

NOTICE is hereby given that the Fourth Annual General Meeting of the Members of the Company will be held on Tuesday, 30<sup>th</sup> day of September 2008 at 2:00 PM at the Registered Office of the Company at Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District Sirmour, Himachal Pradesh, Pin- 173030 to transact the following businesses:-

### ORDINARY BUSINESS:

1. To receive, consider, and adopt the Audited Profit & Loss Account for the year ended March 31, 2008 and the Balance Sheet as on that date together with the Directors' Report & Auditors' Report thereon.
2. To appoint a Director in place of Mr. P. Vanamali who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Naveen Breja who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

### NOTES:-

- A member is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.
- The Register of Members and Share Transfer Register of the Company shall remain closed from September 22, 2008 to September 30, 2008 (both days inclusive).
- The Company has in the Annual General Meeting dated September 29, 2007, sought approval of the shareholders for grant of ESOP to its employees. While granting the approval for the Employee Stock Option Scheme of the Company the Stock Exchanges required to disclose certain additional information to the shareholders. The following note states the additional information required to be disclosed:
  - a). Method of Valuation of Stock Options  
The Company adopts the Intrinsic Value Method for valuation of the Stock Options.
  - b). Disclosure Statement  
The Company hereby declares that it shall disclose in the Directors Report the impact on the profits and on EPS, the difference between the employee compensation costs computed using the intrinsic value of Stock Options and the employee compensation cost that shall have been recognized, if the company has used fair value of Stock Option. The Company has provided the necessary additional disclosures, as required under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in the Directors Report.
- Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
- Shareholders holding the shares in physical form and desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request).
- In respect of shareholders' holding shares in electronic form, members are requested to notify any change of address and change in bank details to their Depositories Participants.
- The communication address of our Registrar and Share Transfer Agent (RTA) is Intime Spectrum Registry Limited A-40, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi - 110028.
- The Members are requested to bring their copies of Annual Report including Attendance slip at the venue for the AGM.
- Given below are brief Particulars of those Directors reappointed in terms of Clause 49 of the Listing Agreement.

## JHS Svendgaard Laboratories Limited



**Mr. P. Vanamali, Independent Director**, (IAS Retired) aged 62 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. Naveen Breja, Non Executive Director**, 42 years, is having an experience of over 20 years in various industries of plastic processing with first few years as Head of Purchase in OSCAR TV for their 5 units till 1992. He was involved with development and sourcing of various products for the television manufacturing in the boom of early 90's. Since 1992 he has been involved with plastic processing and mould development of leading industries in field of plastic processing.

### Other information:

Name of Director	P. Vanamali	Naveen Breja
Date of Birth	24.09.1946	26-06-1966
Qualification	MA (English & Political Science) and MBA	BA
Directorship/Committee Membership held in other Companies Board	Nil	Fytronics (India) Private Limited Neeta Marketing Services Pvt. Ltd. Krishiv Gadgets Bazaar Pvt. Ltd.
Shareholding in the Company (Equity Shares)	Nil	1500

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

Place : New Delhi  
Date : 03/09/2008

Jagmohan Bijalwan  
Company Secretary



# JHS Svendgaard Laboratories Limited

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present Fourth Annual Report and the Statements of Accounts for the year ended March 31, 2008.

### FINANCIAL RESULTS:

The Financial highlights of the Company are given below: -

(Amount in Rs. Lacs)

Particulars	31.03.2008	31.03.2007
Net Sales/ Income from Operations	3637.50	3186.41
Other Income	92.58	61.25
Interest & Finance Charges	274.37	117.52
Depreciation	193.74	60.56
Profit before Tax	406.67	482.39
Provision for Tax	49.54	45.01
Profit after Tax	357.13	437.38
Paid up Equity Share Capital (Face Value of Rs.10/- each)	1290	1250
Reserves excluding revaluation reserves	4529.99	4029.68
Basic and diluted EPS (in Rs not annualized)	2.85	4.93

### DIVIDEND:

Considering the future expansion plans of the Company, the Board of Directors does not recommend any dividend for the financial year ending March 31, 2008.

### PERFORMANCE REVIEW:

There has been moderate increase in revenue during the period under review. The net sales/income from operations has increased to Rs.3,637.50 Lac as compared to Rs.3,186.41 Lac in the previous year reflecting an increase of 14.16%. The Net Profit (after tax) has declined from Rs. 437.38 Lac to Rs. 357.13 Lac reflecting a decline of 18.35%. This sharp decline in the profit of the Company is due to increase in the cost of material consumed & manufacturing expenses, financial charges, and depreciation which have increased marginally.

### APPLICATION OF IPO PROCEEDS:

Out of Rs.3,886.19 Lac collected in IPO, total amount of Rs.3309.15 Lac was utilised up to March 31, 2008.

### ISSUE OF SHARES & WARRANTS:

During the year, 4 Lac equity shares of Rs.10/- each were allotted at Rs.46/- per share (including the premium of Rs.36/- per share) to the non-promoter investors. Consequently the share capital of the Company has increased to Rs.12,90,00,070/- with Rs.1,44,00,000/- added to the share premium account.

During the year, 16 Lac share warrants convertible into the equity share of Rs.10 each were issued to promoter and non-promoter investors. The warrants were issued at Rs.46/- per warrant (including the premium of Rs.36/- per warrants) 10% of the price was paid as upfront payment at the time of issue of warrants.

### EMPLOYEE STOCK OPTION PLAN 2008:

To motivate and retain the efficient employees, the Company has introduced employee stock option plan 2008. The ESOP-2008 was filed with Stock Exchanges and the in-principle approval was received from the stock exchanges in the month of April, 2008.

On July 31, 2008 the Company has issued 245008 equity options to its senior managerial persons, giving a right to each option holder to apply for one equity share of the Company, during the exercise period.

As the scheme was approved after the financial year ended March 31, 2008, therefore the Auditors' certificate pertaining to implementation of scheme in accordance with ESOP Guidelines will be placed before the shareholders from the next Annual General Meeting onwards.

The Company has in the Annual General Meeting dated September 29, 2007, sought approval of the shareholders for grant of ESOP to its employees. While granting the approval for the Employee Stock Option Scheme of the Company the Stock Exchanges required to disclose certain additional information to the shareholders. The following note states the additional information required to be disclosed:

#### a). Method of Valuation of Stock Options

The Company adopts the Intrinsic Value method for valuation of the Stock Options.

#### b). Disclosure Statement

The Company hereby declares that it shall disclose in the Directors Report the impact on the profits and on EPS, the difference

# JHS Svendgaard Laboratories Limited



between the employee compensation costs computed using the intrinsic value of Stock Options and the employee compensation cost that shall have been recognized, if the Company has used fair value of Stock Options.

## **RECOGNITION/ AWARD:**

We have received continuously fourth time the top exporter award for the year 2006-07 for export of Toothbrushes and Dental Plate Brushes form Plastics Export Promotion Council (PLEX), sponsored by the Ministry of Commerce, Government of India.

## **DIRECTORS:**

Mr. P. Vanamali and Mr. Naveen Breja, Directors, liable to retire by rotation at the forthcoming Annual General Meeting on September 30, 2008 and being eligible, offer themselves for re-appointment.

## **AUDITORS:**

The Company has received a requisite certificate pursuant to Section 224(1B) of the Companies Act 1956 from M/s Haribhakti & Co., Chartered Accountants, Statutory Auditors of the Company regarding their eligibility for re-appointment as Auditors, who retire at the Annual General Meeting on September 30, 2008 and are eligible for re-appointment.

## **LISTING:**

Your Company's equity shares are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company has paid the applicable listing fee to both the stock exchanges.

## **SUBSIDIARY COMPANIES:**

### **Jones H Smith, FZE**

During the year, your Company has set up a 100% subsidiary company in Ras Al Khaimah Free Trade Zone, UAE with the name of Jones H Smith, FZE. The company is established as trading company for trading in all personal care products to reap the benefits of tax free zone. In the long term it will add the profitability of the Company.

### **JHS Svendgaard Dental Care Limited**

In the month of April 2008, your Company has set-up a subsidiary company with the name JHS Svendgaard Dental Care Limited. Your Company has subscribed its 51% of total share capital. The subsidiary Company has proposed plans of opening a chain of dental clinics.

### **Nikiven Personal Care Products Private Limited**

In the month of April 2007, your Company acquired 51.08% equity share of Nikiven, as a result Nikiven has become the subsidiary of your Company. Pursuant to the right issue of Nikiven, your Company has subscribed for 15116 equity shares of Nikiven.

During the year Nikiven has invested in the purchase of land at Kala-Amb and has planned to set up EOU unit in the Kala-Amb to reap the benefits of tax free zones and other locational advantages.

The statement of financial information pursuant to section 212 of the Companies Act, 1956, regarding subsidiary companies forms part of this Annual Report.

## **PARTICULARS OF EMPLOYEES:**

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

## **ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:**

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

## **CORPORATE GOVERNANCE:**

A separate Section on Corporate Governance forming part of the Directors' Report and the Certificate confirming the compliance with Clause 49 of listing agreement is included in the annual report.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

A report on Management Discussion and Analysis as required under clause 49 of the Listing Agreement is annexed elsewhere.

## **DEPOSITS:**

The Company has not accepted any Deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

## **DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, in relation to financial statements for the Financial Year ending March 31, 2008, the Board of Directors report that: -



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- a) In the preparation of the annual accounts, the applicable accounting standards had been followed;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of Affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 safeguarding of the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis.

### **INDUSTRIAL RELATIONS:**

As on March 31, 2008, in all there were 88 employees on the roll of the Company. Out of these, 29 were at the executive level and the remaining 59 were in non-executive level. Apart from them, the workers have been appointed through Contractors.

Industrial relations situation in various units of the Company continued to be cordial and peaceful.

### **ACKNOWLEDGEMENT:**

The board wishes to thank the Company's esteemed customers, associates, suppliers, its shareholders and investors for their continued support and co-operation.

Your directors also acknowledge the contribution made by the Company's personnel, whose dedication and drive for excellence have helped your Company to achieve the desired performance and sustained growth in the year under review.

**On behalf of the Board of Directors  
For JHS Svendgaard Laboratories Limited**

**Place : New Delhi  
Date : 03.09.2008**

**(Nikhil Nanda)  
Managing Director**

**(Mukul Pathak)  
Director**

# JHS Svendgaard Laboratories Limited



## REPORT ON CORPORATE GOVERNANCE

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

The Company's philosophy continues to be responsive to the aspirations of customers, suppliers, lenders, employees, the shareholders and the expectations of the society and at the same time attain highest level of transparency, accountability and integrity. This objective extends not merely to meet with statutory requirements but also to go beyond them by putting into place procedures and systems which are in accordance with best practices for governance.

### BOARD OF DIRECTORS:

The size and composition of the Board of Directors confirms the requirement of Listing Agreement. The Board of Directors comprises of Chairman, Managing Director, Whole-time and other Directors. The Board of Directors presently comprises of six Directors, out of which four are Non-Executive Directors. The Company has a Non-Executive Chairman and two Directors are Independent Directors comprising two third of the total strength of the Board of Directors. Details of composition and category of the Board, attendance of Directors in the Board Meetings and last AGM, number of directorships and chairmanships/memberships of committee of each Director held in other public companies are shown below:

Name of Director.	Category	Meetings attended	Attendance at the AGM	Directorship in other Public Cos	Committee positions held in other Cos.	
					Chairman	Member
D. S. Grewal	Chairman	4	No		-	-
Nikhil Nanda	Managing Director	14	Yes	3	-	-
G.K. Nanda	Whole-time Director	14	Yes	-	-	-
Naveen Breja	Non-executive Director	14	Yes	-	-	-
P Vanamali	Independent Director	7	Yes	-	-	-
Mukul Pathak	Independent Director	14	Yes	-	-	-

### BOARD MEETINGS:

During the financial year 2007-08, total 14 Board Meetings were held on April 4, 2007, April 16, 2007, May 23, 2007, June 29, 2007, July 31, 2007, September 7, 2007, September 20, 2007, October 31, 2007, November 6, 2007, December 3, 2007, January 14, 2008, January 29, 2008, March 18, 2008, March 26, 2008.

### AUDIT COMMITTEE:

The Company has constituted an Audit Committee of Directors as per the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Constitution of the Audit Committee is as follows: -

Name of the Member	Designation	Chairman/ Member	Meetings attended
Mukul Pathak	Independent Director	Chairman	4
Nikhil Nanda	Managing Director	Member	4
P. Vanamali	Independent Director	Member	3

The meetings of the committee were held on June 29, 2007, July 31, 2007, October 31, 2007 and January 29, 2008. All the members of the committee are having financial and accounting knowledge. The Company Secretary acts as the Secretary of the committee.

The terms of reference of the Audit Committee of the Company includes all activities stipulated under Section 292A of the Companies Act, 1956 and Clause 49 of the listing agreement and, inter-alia, includes overseeing the audit functions, review of Company's financial performance, review of critical findings of internal audit, review of financial reporting systems & processes, review of the quarterly, half yearly and annual financial statements and other financial disclosures including their adequacy, correctness and credibility.

### REMUNERATION COMMITTEE:

The Remuneration Committee comprises of three non-executive directors, Mr. Mukul Pathak acts as Chairman of the Committee. The Constitution of the Remuneration Committee is as follows: -

Name of the Member	Designation	Chairman/ Member	Meetings attended
Mukul Pathak	Independent Director	Chairman	1
D. S. Grewal	Chairman	Member	1
Naveen Breja	Director	Member	1

The meeting of the committee was held on June 29, 2007.

The functioning and terms of reference of the Committee are as prescribed under Schedule XIII of the Companies Act 1956. The Committee determines the Company's policy on all elements of the remuneration of Directors and senior managerial personnel. The remuneration of Directors is approved by the Remuneration Committee and the Board of Directors as per the remuneration policy of the Company within the ceiling fixed by the shareholders. The remuneration policy of the Company is aimed at rewarding performance based on periodic



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review of achievements. The overall philosophy is to keep employees motivated to deliver higher performance within the overall targeted wage bill. The Remuneration paid to the directors was as follows:

Name of the Director	Designation	Salary & Perquisites (Rs)
Nikhil Nanda	Managing Director	1217281
G.K. Nanda	Whole time Director	120000
<b>Total</b>		<b>1337281</b>

Total Sitting fees paid to Non -Executive Directors is Rs.28500/-.

No commission is paid to any of the Directors. The Independent Directors of the Company do not hold any shares of the Company. The Non-Executive Directors Mr. D. S. Grewal and Mr. Naveen Breja each hold 1500 equity share of the Company.

### SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE:

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

Name of the Member	Designation	Chairman/ Member	Meetings attended
D.S. Grewal	Chairman	Member	4
Naveen Breja	Director	Chairman	4

The meetings of the committee were held on June 29, 2007, July 31, 2007, October 31, 2007 and January 29, 2008.

The responsibilities of the Committee are to supervise the mechanism of investor grievance redressal and to ensure cordial investor relations. The Company has received 35 complaint from the shareholders during the financial year ending March 31, 2008 and all the complaints were disposed off during the year. This committee also approves/ rejects the applications for share transfers/ transmission/ duplicate / split/ remat/ consolidation etc.

### COMPENSATION COMMITTEE:

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

Name of the Member	Designation	Chairman/ Member	Meeting Attended
Nikhil Nanda	Managing Director	Chairman	1
Mukul Pathak	Independent Director	Member	1
P. Vanamali	Independent Director	Member	1

The meetings of the committee were held on January 29, 2008.

The committee is constituted for the formulation, supervision and implementation of the Employee Stock Option Plan 2008 of the Company.

### COMPLIANCE OFFICER:

The Jagmohan Bijalwan, Company Secretary of the Company has been nominated as the Compliance Officer.

### CODE OF CONDUCT:

The Company has code of conduct for its Board of Directors and senior employees, which is available on the Company's website. All the board members and senior management of the Company have affirmed compliance with their respective code of conduct for the financial year ended 2008. A declaration to this effect, duly signed by the Managing Director is annexed hereto. The Code is derived from three essential and basic principles, which form the ingredient of a growing company viz. Good Corporate Governance, Good Corporate Citizenship and Good Ethics.

### SUBSIDIARY COMPANIES:

The Company does not have any material non listed company and hence, it is not required to have an independent director of the Company on the Board of such subsidiary company. The Audit Committee also reviewed the financial statements of the subsidiary companies. The board and audit committee also reviewed investments made by the Company's non listed subsidiaries during the year under review.

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

### GENERAL BODY MEETINGS:

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



# JHS Svendgaard Laboratories Limited



Year	Category	Venue	Date	Time
2006-07	Annual General Meeting	Trilokpur Road, Kheri (Kala-Amb),	29.09.2007 (Saturday)	2.30 PM
2005-06	Annual General Meeting	Tehsil-Nahan, District-Sirmour,	23.09.2006 (Saturday)	11.00 AM
2004-05	Annual General Meeting	Himachal Pradesh-173030	29.09.2005 (Thursday)	11.00 AM

All resolutions moved at the last Annual General Meetings were passed by show of hands by the requisite majority of members attending the meeting.

The following are the special resolutions passed at the Annual General Meetings held in last three years:

Meeting Date	Summary
29.09.2005	u/s 81(1A) of the Companies Act, 1956 for preferential allotment of shares to public was approved
29.09.2007	u/s 81(1A) of the Companies Act, 1956 for approval of Employees Stock Option Scheme (ESOP)

None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

## OTHER DISCLOSURES:

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

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

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

The Company is complying with all mandatory requirements of Clause 49 of the Listing Agreement. Non-mandatory requirements relating to Remuneration Committee have been adopted by the Company.

## SEBI prevention of Insider Trading:

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

## Risk Management Policy:

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

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

## MEANS OF COMMUNICATION:

The quarterly/ half yearly/ annually Results of the Company are regularly submitted to the stock exchanges in accordance with the Listing Agreement and are published in The Economic Times, Navbharat Times, Diviy Himachal, Mumbai Mirror-Mumbai, Other financial daily/ magazine.

**COMPANY'S WEBSITE:** [www.svendgaard.com](http://www.svendgaard.com).

The website of the Company contains all relevant information about the Company. The Annual Report, Shareholding Pattern, Results and all other material information as and when prepared are posted in this site.

## GENERAL INFORMATION FOR MEMBERS:

- **Date of the AGM** : September 30, 2008.
- **Time of the AGM** : 2.00 PM
- **Venue of the AGM** : Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030
- **Book Closure** : September 22, 2008 to September 30, 2008 (both days inclusive)
- **Listing on Stock Exchange and Stock Code** : Bombay Stock Exchange Limited (Scrip Code: 532771) and National Stock Exchange of India Limited (Symbol: JHS). The ISIN of the Company is INE 544H01014.

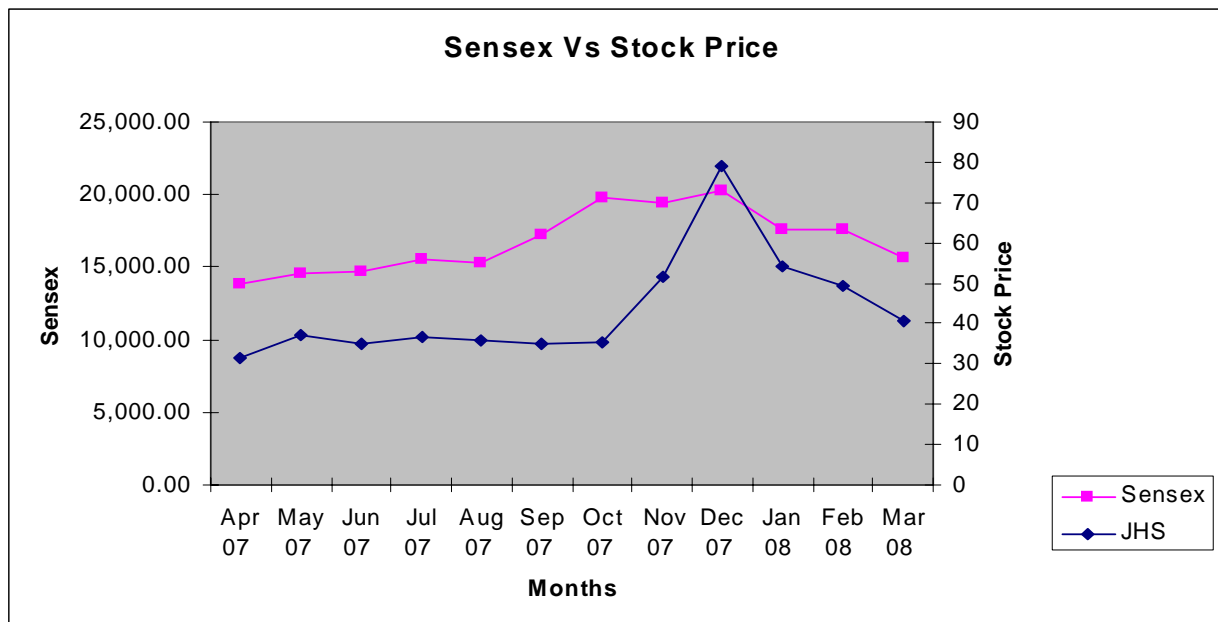
- Stock Market Price Data:**

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

Stock Exchange Month	Bombay Stock Exchange		National Stock Exchange	
	(High)(Rs.)	(Low) (Rs.)	(High) (Rs.)	(Low) (Rs.)
April 2007	35.95	27.75	35.9	27.65
May 2007	41.55	30.00	41.35	30.2
June 2007	38.95	33.75	40	28.8
July 2007	45.20	33.50	45.4	32.55
August 2007	38.00	29.00	38.3	29
September 2007	38.00	32.80	36.9	33.15
October 2007	43.80	30.00	43.7	30.8
November 2007	57.40	33.35	57.3	35.5
December 2007	79.05	51.55	79.4	57.1
January 2008	82.80	50.65	83	50.85
February 2008	59.50	47.10	60.9	47.8
March 2008	51.05	32.00	51.7	31.05

- Share Price Performance:**

Monthly high-low data graph of the share prices of the Company's equity shares during 2007-08 on the Bombay Stock Exchange:-



- Registrar and Share Transfer Agent:**

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

Intime Spectrum Registry Limited  
A-40, Naraina Industrial Area,  
Phase-II, Near Batra Banquet Hall,  
New Delhi - 110028  
Ph: 011-41410592  
Fax: 011-41410591  
Email: delhi@intimespectrum.com

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

# JHS Svendgaard Laboratories Limited



- Shareholding Pattern as on March 31, 2008:

Category	As on March 31, 2008		As on March 31, 2007		% Variance 2008 Vs 2007
	No. of shares	%	No. of shares	%	
Promoter Group	5808879	45.03	6167911	49.34	(4.31)
Mutual Funds/UTI	-	-	140417	1.12	(1.12)
Government Companies, Financial Institutions, Banks	-	-	65765	0.53	(0.53)
Foreign Institutional Investors	-	-	449119	3.59	(3.59)
Bodies Corporate	2949302	22.86	1834362	14.68	8.18
Individuals	3785231	29.34	3842433	30.74	(1.40)
Non Resident Individuals	168154	1.31	-	-	1.31
Other	188441	1.46	-	-	1.46
<b>Total</b>	<b>12900007</b>	<b>100</b>	<b>12500007</b>	<b>100</b>	

- Distribution Schedule as on March 31, 2008:

Shareholding of nominal value of (Rs.)	Shareholders Number	Percentage of total	Total (in Rs.)	Percentage to total
Upto 2,500	4911	64.483	5674150	4.399
2,501 - 5,000	1511	19.84	5564980	4.314
5,001 - 10,000	694	9.112	5503430	4.266
10,001 - 20,000	232	3.046	3623320	2.809
20,001 - 30,000	65	0.853	1722750	1.335
30,001 - 40,000	34	0.446	1231490	0.955
40,001 - 50,000	37	0.486	1748250	1.355
50,001 - 1,00,000	74	0.972	5815260	4.508
1,00,001 & Above	58	0.762	98116440	76.059
<b>Total</b>	<b>7616</b>	<b>100</b>	<b>129000070</b>	<b>100</b>

- Dematerialization of Shares and Liquidity:

As on March 31, 2008, 95.85% shares of the Company were held in dematerialized mode. The Shares of the Company are compulsorily traded in dematerialized form by all categories of Investors.

- Outstanding Securities:

Company has issued 16 Lac warrants to promoters and non promoter strategic investors at the price of Rs.46/- each (Including the premium of Rs.36/- each), on March 26, 2008 which are convertible into one equity share of Rs.10 each within 18 months from the date of issue.

Except the above warrants, the Company has never issued any GDRs / ADRs / or any Convertible Instruments.

- Unit Location:

Unit No.	Unit Location
I	Sunehari Svendgaard Laboratories (a unit of JHS Svendgaard Laboratories Limited) B-1/E-23, Mohan Co-operative Industrial Area, Mathura Road, New Delhi -110 044
II	Sunehari Oral Care ( a unit of JHS Svendgaard Laboratories Limited ) B-1/E-13, Mohan Co-operative Industrial Area, Mathura Road, New Delhi - 110 044
III	Jai Hanuman Exports ( a unit of JHS Svendgaard Laboratories Limited) SDF N.H-3B, Noida Special Economic Zone, Guatam Budh Nagar, Noida
IV	JHS Svendgaard Laboratories Limited Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030



## JHS Svendgaard Laboratories Limited

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### DECLARATION

I hereby confirm that all the Board Members and senior management personnel of the Company have affirmed their compliance of the 'Code of Conduct for Members of the Board and Senior Management' for the period from 1st April 2007 to the 31st March 2008 in terms of Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges.

**For JHS Svendgaard Laboratories Limited**

**Nikhil Nanda**  
**Managing Director**

**Place : New Delhi**  
**Date : 03/09/2008**

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### COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of  
**JHS Svendgaard Laboratories Ltd.**

I have examined all the relevant records of **JHS Svendgaard Laboratories Ltd.** for the purpose of certifying compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited & National Stock Exchange of India Limited, for the financial year ended 31st March 2008. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

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

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

**For Ashish Kapoor & Associates**  
**Company Secretaries**

**(Ashish Kapoor)**  
**(Proprietor)**  
**Membership No. 20479**  
**(CP No. 7504)**

**Place : New Delhi**  
**Date : 03/09/2008**

# JHS Svendgaard Laboratories Limited



## MANAGEMENT'S DISCUSSION & ANALYSIS OF PERFORMANCE

### INDUSTRY OVERVIEW:

The Indian economy remained in high growth phase but witnessed moderation in GDP growth to 9% in the FY 2007-08 as compared to over 9% growth achieved in the previous two years.

A recent survey by the FICCI has signaled positive trends for the FMCG industry. The survey predicts a growth rate of 16 per cent for the sector in 2008-09. The industry clocked a growth of 14.5 per cent in 2007-08.

The substantial increase in the salaries and perks offered to employees in the corporate sector at regular intervals and the recent step taken by the government to raise salaries of government employees are helping consumers to be strong with increased demand for life-style products, the survey stated. Increased consumer confidence would raise the expectation level of the industry and stimulate growth in the FMCG segment, it added.

### FUTURE OUTLOOK:

The all India penetration of toothbrushes is 48.6% while toothpaste/toothpowder is 72.3%. Since the Indian market size is very large the penetration level is low, it offers huge potential for growth. Only 7% Indians brush twice a day but the usage is improving due to increasing awareness of oral hygiene in the country.

The Company manufactures wide range of Dental and Oral Health Care Products as contract manufacturer for many Domestic as well as Global Brands. The range of our products includes Toothbrushes, Toothpaste, Whitening gel, Whitening Mouth Rinse, Denture Cleaning Effervescent Tablets, etc.

### Toothbrush

Approximately 700 million units per year of toothbrush are sold in the Country, JHS manufactures 250 million including export. By 2012 JHS plans to capture 60 -70% of the projected 1700 million unit toothbrush market.

### Toothpaste

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

### OPPORTUNITIES AND THREATS:

#### Opportunities

Our capacities provide the benefit of having economies of scale with greater volume to leverage fixed costs on which we shall further be able to leverage on still greater volumes.

#### Threats

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

### RISK MANAGEMENT:

Your Company has a strong risk management framework that enables active monitoring of the business environment and identification, assessment and mitigation of potential internal or external risks.

The senior management team sets the overall tone and risk culture of the organization through defined and communicated corporate values, clearly assigned risk responsibilities, appropriately delegated authority, and a set of processes and guidelines. There are laid down procedures to inform the Board members about the risk assessment and risk minimization procedures. Your Company promotes strong ethical values ad high level of integrity in all its activities, which in itself is significant risk mitigation.

In addition, there are regular internal audit activities carried out by the team of Internal Auditors who give their independent assessment on the risk mitigating measures and provide recommendations for improvement.

### INTERNAL CONTROL:

The company has adequate Internal Control Systems, which provide, inter-alia, reasonable assurances of recording the transactions of



## JHS Svendgaard Laboratories Limited

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its operations in all material respects and providing protection against misuse or loss of Company Assets.

Further, the Internal Audit system is commensurate with the nature and size of the business. The internal audit for the financial year ending March 31, 2008 was entrusted to M/s L. K. Kapoor & Co., Chartered Accountants, New Delhi.

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

We pay utmost attention to safety of our employees, related communities and environment at large. We are an environment conscious company. We have been developing products that help in improving environment.

### **HUMAN RESOURCES:**

We consider our human resource to be our most important assets. We have developed a culture where a sense of belongingness and ownership of work are the key motivating factors. We continuously make efforts to upgrade the skills of our employees through training and development programs. Our endeavour is to provide world class training to create a world-class work force.

### **SEGMENT-WISE PERFORMANCE:**

The Company operates only in the oral care segment and hence segment-wise reporting is not applicable to the company.

### **CAUTIONARY STATEMENT:**

Statement in this report describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied.

## 'ANNEXURE A'

### 1. Conservation of Energy

The Company has always been conscious of the need for conservation of energy and has been steadily making progress towards this end. Energy conservation measures have been implemented at all the units and offices of the company and special efforts are being put on undertaking specific Energy Conservation. This has resulted in cost saving for the Company. The details of energy consumption during the year is as follows :

Power and fuel Consumption	Units	2007-08	2006-07
<b>1. Electricity</b>			
<b>(A) Purchased</b>			
- Units	Kwh	1642846	1401455
-Total Amount	Rs. In Lacs	66.96	68.78
-Rate/Unit	Rs.	4.08	4.91
<b>(B) Own Generator</b>			
-Through Diesel Generator Units	Kwh	325154	313670
-Unit per litre of Diesel Oil	Kwh	5.76	5.38
Cost/Unit	Rs.	6.15	5.85
Through steam turbine/generator	-	-	-
<b>2. Other/ Internal generation light/-diesel oil/ diesel oil/ furnace oil</b>			
<b>(A) Quantity</b>			
Total cost	-	-	-
Average Rate	-	-	-
<b>(B) Consumption Per unit of production</b>			
1) Electricity			
Oral Care Products	Kwh/ Per Unit	0.02	0.02
2) Through Diesel Generator			
Oral Care Products	Kwh/ Per Unit	0.00	0.00

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

## 'ANNEXURE B'

### 2. Research & Development (R&D) & Technology Absorption

The Company has continued its Endeavour 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.

### 3. Foreign Exchange Earnings and Outgo

(Amount in Rupees)

Particulars	2007-08	2006-07
<b>Foreign Exchange Outgo</b>		
Traveling	1,458,319.00	655,973.00
Raw Materials	82,007,106.00	28,141,643.00
Finished Goods		
Capital Goods	300,214,176.00	-
<b>Foreign Exchange Earnings</b>		
Earnings in foreign exchange	108,672,675.00	959,556,718.00



# JHS Svendgaard Laboratories Limited

## AUDITOR'S REPORT

### TO THE MEMBERS OF JHS SVENDGAARD LABORATORIES LIMITED

We have audited the attached Balance Sheet of JHS Svendgaard Laboratories Limited ("the Company"), as at 31st March, 2008, the Profit & Loss Account and the Cash Flow Statement of the Company for year ended on that date annexed thereto.

#### Respective Responsibility of the Management and the Auditor:

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

#### Basis of Opinion:

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

#### Opinion:

We report as under:

- I As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (the 'Act') and on the bases of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us by the management, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- II Further to our comments in the Annexure referred to in paragraph I above:
  - a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law been kept by the Company so far as appears from our examination of the books.
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Profit & Loss Account, Balance Sheet and Cash Flow Statement comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent they are applicable to the Company.
  - e) On the basis of written representations received from the Directors of the Company on 31st March, 2008 and taken on record by the Board of Directors of the Company, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in term of clause (g) of sub sub-section (1) of section 274 of the Act.
  - f) In our opinion and to the best of information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required except that as explained in note no. 18, the details of dues to Micro, Small Medium enterprises are not available, give a true and fair view in conformity with the accounting policies generally in India:
    - i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
    - ii) in case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and
    - iii) in case of Cash of Cash Flow Statement, of the cash flows of Company for the year ended on the date.

**For Haribhakti & Co.,  
Chartered Accountants**

**Raj Kumar Agarwal  
Partner  
Membership No.74715**

**Place : New Delhi  
Date :19th June, 2008**



# JHS Svendgaard Laboratories Limited



## ANNEXURE REFERRED TO IN PARAGRAPH I OF OUR REPORT OF EVEN DATE

### TO THE MEMBERS OF JHS SVENDGAARD LABORATORIES LIMITED

#### Fixed Assets:

1. The Company has maintained proper records showing full particular including quantitative details and situation of fixed assets.
2. The fixed assets of the Company are physically verified by the Management according to a phased programme designed to cover all the 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. In accordance with this programme, certain fixed assets were physically verified by the Management during the year. We are informed that no material discrepancies were noticed on such verification.
3. In our opinion and according to the explanations given to us, during the year, the Company has not disposed off major part of its fixed assets.

#### Inventories:

4. As explained to us, the inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable.
5. According to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate according to the size of the Company and the nature of its business.
6. On the basis of our examination of the records of the Company, we are of the opinion that the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification as compared to book records.

#### Related party transactions:

7. According to the information and explanations given to us, the Company has not granted loans secured or unsecured during the year to the parties covered in the register maintained under section 301 of the Act.
8. According to the information and explanations given to us, the Company has taken interest free unsecured loans from one party amounting to Rs.7.00 Lacs during the previous years. The maximum amount outstanding during the year is aggregated to Rs.10.07 Lacs and the yearend balance of such loan is Rs.NIL.
9. In our opinion, the rate of interest and other terms and conditions on which loans have been taken by the Company are prima facie not prejudicial to the interest of the Company.
10. According to the information and explanations given to us, the company is regular in repayment of principal amount.
11. On the basis of the audit procedures performed by us, and according to the information, explanations and representations given to us, we are of the opinion that, the transaction in which directors were interested as contemplated under Section 297 and sub section (6) of section 299 of the Act, and Which were required to be entered in the register maintained under section 301 of the said act, have been so entered.
12. In our opinion and according to the information and explanations given to us, each of these transactions exceeding the value of rupees five lacs in respect of any party during the year, are made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

#### Internal Controls

13. In our opinion and according to the information and explanations given to us, the internal control system needs to be strengthened with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services, During the course of audit, no major weakness has been noticed in the internal controls.

#### Internal Audit

14. According to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

#### Deposits

15. According to the information and explanations provided to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Act, and the rules framed there under apply.

#### Potentially Sick Company

16. The Company does not have any accumulated losses at the year end, and has not incurred any cash losses during the financial year and in the immediately preceding financial year.

#### Statutory Dues

17. According to the informations and explanations given to us, the Company is generally regular in depositing the undisputed statutory dues including provident fund, invertors education & protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, service tax, cess and other statutory dues, applicable to the Company



## JHS Svendgaard Laboratories Limited

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

### **Default in repayment of dues**

19. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

### **Loans and Advances granted on the basis of securities**

20. According to the records of the Company and according to the information and explanations provided to us, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

### **Guarantees Given**

21. According to the information and explanations provided to us the Company has not given guarantee for loans taken by others from banks or financial institutions.

### **Term Loan**

22. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the purpose for which they were obtained.

### **Sources and application of Funds**

23. According to the information and explanations given to us, the Company has not made preferential allotments of equity shares to the parties listed in the register maintained under Section 301 of the Act.

### **Security or Charge created in respect of Debentures**

25. According to the information and explanations given to us, the Company has not issued debentures.

### **End use of money raised by public issue**

26. We have verified the end use of money raised by public issue as disclosed in the notes to the financial statements.

### **Fraud**

27. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

### **Miscellaneous**

28. The clauses (iii) (d), (vii), (xiii) and (xiv) of the paragraph 4 & 5 of the Order are not applicable to the Company and hence not reported upon.

**For Haribhakti & Co.,  
Chartered Accountants**

**Place : New Delhi  
Date :19th June, 2008**

**Raj Kumar Agarwal  
Partner  
Membership No.74715**

# JHS Svendgaard Laboratories Limited



## BALANCE SHEET AS AT 31ST MARCH, 2008

		As at 31.03.2008 ( in Rs. )		As at 31.03.2007 ( in Rs. )	
<b>SOURCES OF FUNDS:</b>					
<b>1. Shareholders' Funds :</b>					
a) Share Capital	1	129,000,070		125,000,070	
b) Share Warrant		7,360,000		-	
c) Reserves and Surplus	2	<u>452,999,323</u>	589,359,393	<u>402,967,795</u>	527,967,865
<b>2. Loan Funds :</b>					
a) Secured Loans	3	331,801,333		108,981,840	
b) Unsecured Loans	4	<u>-</u>	331,801,333	<u>1,007,665</u>	109,989,505
<b>3. Deferred Tax Liability</b>					
			922,000		410,000
<b>TOTAL</b>			<u>922,082,726</u>		<u>638,367,370</u>
<b>APPLICATION OF FUNDS :</b>					
<b>1. Fixed Assets :</b>					
a) Gross Block		393,442,075		76,116,654	
b) Less : Depreciation		<u>(29,636,662)</u>		<u>(10,262,570)</u>	
<b>Net Block</b>	5	363,805,413		65,854,084	
c) Capital Work in Progress	5(A)	<u>72,089,814</u>	435,895,227	<u>39,090,419</u>	104,944,503
<b>2. Investments :</b>					
	6		29,512,211		156,692,950
<b>3. Current Assets, Loans &amp; Advances :</b>					
a) Inventories	7	140,951,113		148,837,741	
b) Sundry Debtors	8	64,628,578		75,087,606	
c) Cash & Bank Balances	9	90,561,226		36,802,059	
d) Other Current Assets	10	3,560,278		3,519,727	
e) Loans & Advances	11	<u>271,046,111</u>		<u>167,269,737</u>	
		<u>570,747,306</u>		<u>431,516,870</u>	
<b>Less : Current Liabilities &amp; Provisions :</b>					
a) Current Liabilities	12	105,461,093		49,482,540	
b) Provisions	13	<u>8,610,925</u>		<u>5,304,413</u>	
		<u>114,072,018</u>		<u>54,786,953</u>	
<b>Net Current Assets :</b>			456,675,288		376,729,917
<b>TOTAL</b>			<u>922,082,726</u>		<u>638,367,370</u>

Significant Accounting Policies and Notes forming integral part of the Accounts

21

As per our attached report of even date.  
For Haribhakti & Co.  
Chartered Accountants

On Behalf of the Board of Directors  
JHS Svendgaard Laboratories Limited

Raj Kumar Agarwal  
Partner

Nikhil Nanda  
Managing Director

Mukul Pathak  
Director

Jagmohan Bijalwan  
Company Secretary

Place : New Delhi  
Date : 19th June, 2008



# JHS Svendgaard Laboratories Limited

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule No.	For the year ended 31st March, 2008 ( in Rs.)	For the year ended 31st March, 2007 ( in Rs.)
<b>INCOME</b>			
Sales	14	378,534,138	339,114,600
Less: Excise Duty		<u>(14,783,651)</u>	<u>(20,473,701)</u>
		363,750,487	318,640,899
Other Income	15	<u>9,258,530</u>	<u>7,112,226</u>
<b>TOTAL</b>		<b><u>373,009,017</u></b>	<b><u>325,753,125</u></b>
<b>EXPENDITURE :</b>			
Increase /(Decrease) in Finished Goods	16	10,786,454	21,129,282
Material Consumed & Manufacturing Expenses	17	219,234,493	204,470,069
Payment to & Provision for Employees	18	16,680,422	11,252,825
Administrative, Selling & Other Expenses	19	38,829,645	22,853,520
Finance Expenses	20	27,437,204	11,751,790
Depreciation	5	<u>19,374,092</u>	<u>6,056,340</u>
<b>TOTAL</b>		<b><u>332,342,311</u></b>	<b><u>277,513,826</u></b>
Profit before taxation		40,666,707	48,239,299
Less: Provision for taxation			
Current Tax		4,000,000	3,875,000
Deferred Tax		512,000	123,000
Fringe Benefit Tax		410,000	490,000
Wealth Tax		<u>32,000</u>	<u>13,000</u>
Profit after Taxation		35,712,707	43,738,299
Add: Balance as per previous year		64,014,097	20,275,798
Balance carried to Balance Sheet		<u>99,726,804</u>	<u>64,014,097</u>
<b>Earnings per share</b>			
Basic Earnings Per Share		2.85	4.93
Diluted Earnings Per Share		2.85	4.93
Face value Rs.10/- each			
(Refer Note No 14 of Notes to Accounts)			
Significant Accounting Policies and Notes forming integral part of the Accounts	21		

As per our attached report of even date.

For Haribhakti & Co.  
Chartered Accountants

On Behalf of the Board of Directors  
JHS Svendgaard Laboratories Limited

Raj Kumar Agarwal  
Partner

Nikhil Nanda  
Managing Director

Mukul Pathak  
Director

Jagmohan Bijalwan  
Company Secretary

Place : New Delhi  
Date : 19th June, 2008

# JHS Svendgaard Laboratories Limited



## Schedules annexed to and forming part of the Balance Sheet

	As at 31.03.2008 ( in Rs. )	As at 31.03.2007 ( in Rs. )
<b>SCHEDULE '1' : SHARE CAPITAL</b>		
<b>Authorised:</b>		
18,000,000 (1,80,00,000) Equity Shares of Rs.10/- each	<u>180,000,000</u>	<u>180,000,000</u>
<b>Issued and Subscribed :</b>		
12,900,007 (1,25,00,007) Equity Shares of Rs.10/- each	<u>129,000,070</u>	<u>125,000,070</u>
<b>Paid up :</b>		
12,900,007 (1,25,00,007) Equity Shares of Rs.10/- each fully paid up.	129,000,070	125,000,070
<b>TOTAL</b>	<u><b>129,000,070</b></u>	<u><b>125,000,070</b></u>
<b>SCHEDULE '2' : RESERVE AND SURPLUS</b>		
General Reserve :	667,750	667,750
Securities Premium	338,285,948	57,081,500
Add : Addition During the Year	14,400,000	321,615,936
Less : Share Issue Expenses	<u>81,180</u>	<u>40,411,488</u>
Profit and Loss Account	<u>99,726,804</u>	<u>64,014,097</u>
	<u><b>452,999,323</b></u>	<u><b>402,967,795</b></u>
<b>SCHEDULE '3' : SECURED LOANS</b>		
<b>(1) Term Loan From Bank</b>		
(a) Foreign Currency Loan	162,394,470	-
(b) Rupee Loan	-	14,089,421
<b>(2) Working Capital Loan From Bank</b>		
(a) Foreign Currency Loan	145,590,225	-
(c) Rupee Loan	20,507,586	90,916,223.00
<b>(3) Vehicle Loan</b>	<u>3,309,053</u>	<u>3,976,196</u>
	<u><b>331,801,333</b></u>	<u><b>108,981,840</b></u>
<p>1. Term Loan in the form of ECB &amp; FCTL is secured against exclusive charge on all movable fixed assets and first charge on all the immovable fixed assets of the company present and future, Equitable mortgage of land owned by the company at Kala-Amb personal guarantee of one of the Directors.</p> <p>2. Working Capital Loans in the form of Cash Credit, Packing Credit, Bill Discounting is Secured By hypothecation of the Company's entire stock, book debts, export bill, both present &amp; future, Personal guarantee of one of the Directors.</p> <p>3. Vehicle Loan are Secured against Hypothecation of specific vehicle against which the finance is obtained.</p>		
<b>SCHEDULE '4' : UNSECURED LOANS</b>		
<b>Short Term</b>		
From Directors	-	<u>1,007,665</u>
	-	<u><b>1,007,665</b></u>



# JHS Svendgaard Laboratories Limited

## Schedules annexed to and forming part of the Balance Sheet

### SCHEDULE '5' : FIXED ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2007	Addition during the Yr	Deductions During The Year	As On 31.03.2008	Up To 01.04.2007	For The Year	Sale/ Adjustment	Up to 31.03.2008	As on 31.03.2008	As on 31.03.2007
*Land	8,684,000	-	-	8,684,000	-	-	-	-	8,684,000	8,684,000
Building	101,642	33,008,000	-	33,109,642	4,225	209,249	-	213,474	32,896,168	97,418
Plant & Machinery	44,417,001	270,624,404	-	315,041,405	4,777,688	13,422,067	-	18,199,755	296,841,650	39,639,313
Mould & Dies	8,455,664	7,234,322	-	15,689,986	3,893,797	4,215,126	-	8,108,923	7,581,063	4,561,867
Computers	830,429	1,069,757	-	1,900,186	162,545	213,694	-	376,239	1,523,947	667,884
Computer Software	-	16,848	-	16,848	-	1,474	-	1,474	15,374	-
Furniture & Fixture	6,224,301	2,827,581	-	9,051,882	733,125	465,329	-	1,198,454	7,853,428	5,491,176
Vehicle	7,403,617	2,544,509	-	9,948,126	691,190	847,153	-	1,538,343	8,409,783	6,712,427
Current Year	76,116,654	317,325,421	-	393,442,075	10,262,570	19,374,092	-	29,636,662	363,805,413	65,854,085
Previous Year	55,712,098	20,404,556	-	76,116,654	4,206,230	6,056,340	-	10,262,570	65,854,084	-

\*Includes Rs. 4,219,250/- being value of land which is yet to be registered in the name of Company.

As on 31.03.2008

As on 31.3.2007

### SCHEDULE '5 A' : Capital Work in Progress

#### WIP

Building under Construction	47,975,590.00	23,069,256	
Less : Pre- operative Exp.	-	(3,074,855)	19,994,401
Plant & Machinery		12,543,030.00	15,706,684
Computer Software		2,217,550.00	180,000
Furniture & fixture		627,284.00	134,479
		63,363,454.00	36,015,564

#### Add : Pre-operative Expenses

Bank Interest	1,081,832.00	666,278	
Bank Charges	1,622,988.00	30,440	
Cartage freight and Octrai	-	66,756	
Consulting Charges		72,750	
Conveyance		3,110	
Electricity Expenses		247,416	
Fees, Rates and Taxes		815,400	
Foreign Travelling	1,220,995.00	288,000	
General Expenses		11,030	
Generator Running and Maintenance		25,000	
Internet Expenses	82,980.00	42,043	
Labour Charges	124,600.00	2,032	
Legal and professional Charges	2,849,488.00	342,629	
Misc. Expenses	12,595		
Other		24,095	
Printing and Stationery		8,949	
Rent, taxes and rates		30,000	
Repair and Maintenance		1,000	
Salary		216,227	
Staff Welfare		3,030	
Telephone Expenses	873.00	59,427	
Travelling Expenses		76,677	
<b>Amount to be capitalised as on 1.4.2007</b>	<b>1,742,604.00</b>	<b>8,726,360.00</b>	<b>3,074,855</b>
		<b>72,089,814.00</b>	<b>39,090,419</b>

# JHS Svendgaard Laboratories Limited



## Schedules annexed to and forming part of the Balance Sheet

	As at 31.03.2008 ( in Rs. )	As at 31.03.2007 ( in Rs. )	
<b>SCHEDULE '6' : INVESTMENT</b>			
<b>Long Term &amp; Unquoted</b>			
<b>Investment In Subsidiary</b>			
1 (Nil) fully paid Equity Shares of AED 100000 of Jones H Smith, U.A.E.	088,330	-	
25516.(Nil) fully paid Equity Shares of face value of Rs 10/- of Nikiven Personal Care Private Limited, India	255,160	-	
	<u>1,343,490</u>	<u>-</u>	
<b>Investment in Mutual Funds</b>			
NIL (50000) units of Birla Fixed Term Plan of F V of Rs.10 each	-	50,000,000	
NIL (9998) Units of DSP Merrill Lynch Liquid Plus of F V of Rs. 1000/- each	-	15,000,000	
28125(149971) Units of DSP Merrill Lynch Liquid Plus of F V of Rs1000/-each	28,168,721	10,000,000	
NIL(3120640)Units of Sundram BNP Paribas Fixed Term Plan Series of F V Rs 10/- each	-	31,206,450	
NIL(5048636)Units of Sundram Mutual Fund of F V of Rs. 10/-each	-	50,486,500	
	<u>28,168,721</u>	<u>156,692,950</u>	
<b>TOTAL</b>	<u><u>29,512,211</u></u>	<u><u>156,692,950</u></u>	
<b>Detail of Investment in Units of Mutual Funds Purchase &amp; Sold During the Year</b>			
<b>Name of the Mutual Fund</b>	<b>Face Value</b>	<b>No. of Units</b>	<b>Amount (Rs.)</b>
Sundaram BNP Paribas Fixed Income Interval Fund- Qt	Rs. 10/-each	4000000	40000000
Sundaram BNP Paribas FTP Series XXXIV	Rs. 10/-each	4000000	40000000
Sundaram BNP Paribas Liquid Plus Div. Reinv. Daily	Rs. 10/-each	4100000	41000000
Sundram BNP Paribas-F.T Plan-Series-XXVI	Rs. 10/-each	5000000	50000000
Sundram BNP Paribas Liquid Plus	Rs. 10/-each	5000000	50000000
			<u>221000000</u>
<b>SCHEDULE '7' : INVENTORIES</b>			
<i>(As taken, valued and certified by the Management)</i>			
- Raw Materials	74,696,852		114,203,621
- Consumable Stores	31,950		52,080
- Work in Progress	4,754,997		2,364,831
- Finished Goods	61,467,315		32,217,209
<b>TOTAL</b>	<u>140,951,113</u>		<u>148,837,741</u>
<b>SCHEDULE '8' : SUNDRY DEBTORS</b>			
<b>(Unsecured, Considered Good Unless Otherwise Stated)</b>			
More than Six Months	2,825,139		12,607,778
Others	62,172,797		62,849,186
	64,997,937		75,456,964
Less: Provision for Doubtful Debts	369,358		369,358
<b>TOTAL</b>	<u>64,628,578</u>		<u>75,087,606</u>
<b>SCHEDULE '9' : CASH AND BANK BALANCES</b>			
Cash on hand (As certified by the management)	3,331,783		894,713
Balances with scheduled banks :			
In Current Accounts	54,076,634		4,924,832
In Fixed Deposit Account	33,152,809		30,982,514
<b>TOTAL</b>	<u>90,561,226</u>		<u>36,802,059</u>
<b>SCHEDULE '10' : OTHER CURRENT ASSETS</b>			
Deposits with Sales Tax Department	10,000		-
Export Incentive Receivable	3,550,278		3,519,727
<b>TOTAL</b>	<u>3,560,278</u>		<u>3,519,727</u>



# JHS Svendgaard Laboratories Limited

## Schedules annexed to and forming part of the Balance Sheet/Profit & Loss Accounts

	As at 31.03.2008 ( in Rs. )	As at 31.03.2007 ( in Rs. )
<b>SCHEDULE '11' : LOANS AND ADVANCES</b>		
<b>(Unsecured &amp; Good Unless Otherwise Stated)</b>		
Advances recoverable in cash or in kind or for value to be received	23,765,805	23,816,107
Advance Tax & Tax deducted at source	10,249,917	4,490,121
Advance Against Fixed Assets	149,676,098	97,025,957
Advance to Supplier	43,175,379	10,179,388
Advance for services	207,686	131,940
Loans & Advance to subsidiary	14,597,740	-
Balance with Excise & Customs Department	23,612,615	26,666,782
Prepaid Expenses	985,320	397,326.00
Security & Other Deposits	4,775,550	4,562,116
<b>TOTAL</b>	<b><u>271,046,111</u></b>	<b><u>167,269,737</u></b>
<b>SCHEDULE '12' : CURRENT LIABILITIES</b>		
Sundry Creditors	69,654,780	40,350,295
Advance From Customer	30,430,282	5,079,261
Duties & Taxes	1,090,059	2,003,809
Expenses Payable	3,798,785	2,049,175
Other liability	418,122	-
Interest accrued but not Due	69,065	-
	<b><u>105,461,093</u></b>	<b><u>49,482,540</u></b>
<b>SCHEDULE '13' : PROVISIONS</b>		
Provision for Gratuity	581,139	815,612
Provision for Taxation	8,029,786	4,488,801
<b>TOTAL</b>	<b><u>8,610,925</u></b>	<b><u>5,304,413</u></b>
<b>SCHEDULE '14' : SALES</b>		
Domestic Sales	249,570,254	241,284,240
Exports Sales	108,672,675	95,956,718
Trading Sales	18,968,275	-
DTA Sales	630,099	1,218,821
Scrap sales	692,835	654,821
<b>TOTAL</b>	<b><u>378,534,138</u></b>	<b><u>339,114,600</u></b>
<b>SCHEDULE '15' : OTHER INCOME</b>		
Interest	3,005,395	1,133,586
Dividend	5,898,982	5,607,019
Export incentive	30,550	89,068
Profit on Redemption of Mutual Fund	-	10,156
Miscellaneous income C64,000	272,397	-
Excess Provision Written Back	259,603	-
<b>TOTAL</b>	<b><u>9,258,530</u></b>	<b><u>7,112,226</u></b>
<b>SCHEDULE '16' INCREASE / (DECREASE) IN STOCK</b>		
Finished Goods		
Opening Stock	32,217,209	13,804,437
Add : Purchase	859,637	38,434,798
<b>TOTAL</b>	<b>33,076,846</b>	<b>52,239,235</b>
Less : Closing Stock	61,467,315	32,217,209
	(28,390,469)	20,022,026
<b>Work in Progress</b>		
Opening Stock	2,364,830	3,472,087
Add : Purchase	41,567,089	-
<b>Total</b>	<b>43,931,919</b>	<b>3,472,087</b>
Less : Closing Stock	4,754,997	2,364,831
<b>TOTAL</b>	<b><u>39,176,923</u></b>	<b><u>1,107,256</u></b>
<b>TOTAL</b>	<b><u>10,786,454</u></b>	<b><u>21,129,282</u></b>



# JHS Svendgaard Laboratories Limited



## Schedules annexed to and forming part of the Profit & Loss Accounts

	As at 31.03.2008 ( in Rs. )	As at 31.03.2007 ( in Rs. )
<b>SCHEDULE '17' MATERIAL CONSUMED AND MANUFACTURING EXPENSES</b>		
<b>Raw Material Consumed :</b>		
Opening Stock	114,203,622	75,213,015
Add : Purchases	<u>157,413,079</u>	<u>221,924,234</u>
	271,616,701	297,137,249
Less : Closing Stock	<u>74,696,852</u>	<u>114,203,621</u>
	196,919,849	182,933,628
<b>Store and Tools Consumed :</b>		
Opening Stock	52,080	5,659
Add : Purchases	<u>1,531,865</u>	<u>1,087,265</u>
	1,583,945	1,092,924
Less : Closing Stock	<u>31,950</u>	<u>52,080</u>
	1,551,995	1,040,844
<b>Manufacturing Expenses :</b>		
Job Work Charges	4,936,805	6,594,757
Freight Inward	1,538,888	2,645,559
State Excise Duty	-	95,501
Power and Fuel	11,614,591	8,783,967
Testing Charges	72,859	84,777
Wages	<u>2,599,507</u>	<u>2,291,036</u>
<b>TOTAL</b>	<b><u>219,234,493</u></b>	<b><u>204,470,069</u></b>
<b>SCHEDULE '18' : PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salaries, Bonus, & Allowances	15,300,385	10,254,746
Contribution to Provident Fund & ESIC	466,052	172,094
Workmen and Staff Welfare	717,545	149,988
Recruitment and Training	171,310	315,425
Gratuity	<u>25,130</u>	<u>360,572</u>
<b>TOTAL</b>	<b><u>16,680,422</u></b>	<b><u>11,252,825</u></b>
<b>SCHEDULE '19' : ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>		
Auditor's remuneration	561,800	426,932
Advertisement Expenses	2,091,319	1,140,407
Business Promotion	372,643	308,763
Directors' Sitting Fees	28,500	29,000
Directors' Remuneration	1,337,281	2,124,552
Export Expenses	2,820,729	3,084,488
Exchange Fluctuation (Net)	3,859,978	987,218
Freight & Cartage	1,825,758	945,740
Insurance	598,739	578,600
Legal & Professional Fees	4,240,186	815,821
Postage, Telephone, Printing Stationery	1,946,814	1,229,457
Rent, Rate & Taxes	7,475,334	2,656,964
Repairs & Maintenance	-	-
- Building	1,172,752	126,189
- Others	459,924	665,096
- Plant and Machinery	3,588,074	2,995,859
Sundry Expenses	2,797,216	1,638,545
Travelling & Conveyance Expenses	<u>3,652,599</u>	<u>3,099,889</u>
<b>TOTAL</b>	<b><u>38,829,645</u></b>	<b><u>22,853,520</u></b>
<b>SCHEDULE '20' : FINANCIAL EXPENSES</b>		
Bank Interest	10,514,408	8,874,593
Bank Charges	<u>16,922,797</u>	<u>2,877,197</u>
<b>TOTAL</b>	<b><u>27,437,204</u></b>	<b><u>11,751,790</u></b>



# JHS Svendgaard Laboratories Limited

## Schedules annexed to and forming part of Balance Sheet

### SCHEDULE '21' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### Significant Accounting Policies

**1. Basis of Accounting**

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

**2. Fixed assets and depreciation**

Fixed assets are stated at cost of acquisition. Cost includes all cost incurred to bring the assets to its present location & condition.

Depreciation on fixed assets is provided on Straight Line Method at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except that moulds and dies have been depreciated at the rate of 33.33% per annum based on the expected useful life thereof.

In case of self constructed fixed assets, the ascertainable direct and indirect expenses are initially accumulated as capital work in progress and, on completion of the project, allocated to the respective assets directly in case of direct expenditure and on pro-rata basis of the prime cost of fixed assets in case of indirect expenditure.

**3. Inventories**

Raw material, packing material, stores, and spares are valued at cost. Finished goods and work in progress are valued at lower of cost and net realisable value. Cost is ascertained on weighted moving average method basis and in case of finished products and work in progress includes appropriate production overheads.

**4. Revenue recognition**

- a) Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the customer, which is generally on dispatch of goods from factory.
- b) Revenue other than sales is recognized on accrual basis.
- c) Dividend is recognized when the right to receive of the same is established.

**5. 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 realisation is certain.

**6. Foreign currency transactions**

Transactions in foreign currencies are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the exchange rate prevailing on the Balance sheet date, as applicable. Resultant gains or losses are recognised in the profit and loss account.

**7. Investments**

Current Investments are held at lower of cost and Market value. Long Term Investments are stated at cost. Mutual funds units are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

**8. Employee Benefits**

Contributions to defined contribution schemes viz. Provident fund & Employee State Insurance are charged to the Profit and Loss Account as and when incurred. The Company also provides for defined benefit plan in the form of gratuity. The accrued liability is recognized in the profit and loss account on the basis of independent actuarial valuations, as at the balance sheet date.

**9. Borrowing Cost**

Borrowing cost that is directly attributable to the acquisition or construction of qualifying assets is capitalized as part of the cost of assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense.

**10. Accounting for taxes on income**

Provisions for current taxes are made based on the tax payable for the year in accordance with the respective direct tax enactments considering the various reliefs available to the company.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet Date.

# JHS Svendgaard Laboratories Limited



Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realised in future whereas in case of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation backed by convincing evidence.

Deferred Tax Assets are reviewed at each Balance Sheet date.

## 11. Impairment of Assets

An Asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Impairment Loss if any is charged to Profit & Loss A/c in the year in which impairment is identified. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

## 12. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

## Notes to Accounts

1. Contingent liabilities not provided for in the books of accounts

(Amount in Rupees)

Particulars	As at March 31, 2008	As at March 31, 2007
Guarantees given by banks	95,00,000	1,33,05,000
Outstanding letter of credit	6,47,44,052	11,79,70,373
Bill Discounted	1,89,04,741	Nil

2. Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) Rs 6,14,07,409/- (Rs 15,87,97,438/-).

3. Physical Verification of Fixed Assets:

The company follows a phased program of physical verification of fixed assets to cover all assets within a period of three years. Accordingly, certain assets were physically verified by the companies' officials during 2005-06, 2006-07 and the remaining assets have been physically verified in the current F.Y.2007-08.

4. During the year the Company has incorporated of wholly owned subsidiary company in the name of Jones H. Smith, FZE, UAE on 10<sup>th</sup> December, 2007. The said wholly owned subsidiary is yet to commence business. The Company has also acquired 51.03% Equity shares in Nikiven Personal Care Products Private Limited during the year and accordingly the said company is now a subsidiary company.

5. The details of Fund raised through IPO and utilization of such fund are given below: -

Particulars	As at March 31, 2008	As at March 31, 2007
<b>A. Funds raised through Initial Public Offerings</b>	<b>38,86,19,256</b>	<b>38,86,19,256</b>
<b>B. Utilization by way of expansion plan/New Project</b>		
-Building and civil works	4,44,67,219	1,27,47,473
-Plant and Machinery	19,12,74,882	11,15,54,784
-Margin money for working capital	1,60,25,000	1,60,25,000
-Contingencies	35,96,000	35,96,000
-General Corporate Purposes	3,78,30,987	3,78,30,987
-IPO Expenses	3,77,21,369	3,75,32,589
<b>Total Funds utilized</b>	<b>33,09,15,457</b>	<b>21,92,87,103</b>
<b>C. The unutilized funds as at March 31, 2008 have been temporarily invested in Bank Fixed Deposit and other short-term investments as follows:-</b>		
-Fixed Deposit Receipts	2,95,28,739	3,00,00,000
-Short Term Investments	2,81,68,721	14,10,00,000
<b>Total Unutilized funds</b>	<b>5,76,97,460</b>	<b>17,10,00,000</b>

6. During the year the Company has issued four Lac (4,00,000) Equity shares having face value of Rs.10/- each on preferential basis to Non-Promoters at a price of Rs.46/- each (including premium of Rs.36).



## JHS Svendgaard Laboratories Limited

The company has also issued the following Equity Share Warrants to Promoters and Non- Promoters:

Particulars	No. of Warrants	Face value per Warrant (Rs.)	Amount paid up per Warrant (as on March 31, 2008 (Rs.))	Date of Allotment
Advent Advisory Services Private Limited	5,50,000	46	4.60	March 26, 2008
PVS Raju	2,00,000	46	4.60	March 26, 2008
Kanta Dungershi Dedhia	50,000	46	4.60	March 26, 2008
Sushma Nanda	8,00,000	46	4.60	March 26, 2008

Each Equity Share Warrant is convertible into one Equity Share within a period of 18 months from their dates of allotment.

The total proceeds from Preferential & issue of Equity share warrant amounting to Rs.257.07 Lac is lying in Bank Account as at the year end.

7. The company has incurred Rs. 81,180/- in share issue expenses which has been adjusted against the securities premium accounts in accordance with section 78 of Companies Act 1956.
8. In the opinion of the Board, current assets, loans and advances have a value of at least equal to the amounts shown in the balance sheet, if realised in the ordinary course of the business. The provision for all the known liabilities including depreciation is adequate and not in excess of the amount reasonably necessary.
9. Some of the balances of sundry creditors' advances and deposits are subject to confirmation/reconciliation. In the opinion of the management, the same is not material and will be carried out when settled.
10. The Company has adopted Accounting Standard 15(revised 2005) "Employee Benefits". The Company has classified Warrant various employee benefits as under:

<b>A. Defined contribution Plans</b>		
The Company has recognized the following amounts in the Profit and Loss Account for the year:		
	Year ended 31 <sup>st</sup> March 2008 (Amount in Rs.)	Year ended 31 <sup>st</sup> March 2007 (Amount in Rs.)
Contribution to Provident Fund	3,11,257	1,09,374
Contribution to Employee's State Insurance Scheme	1,54,795	62,720
<b>B. Defined Benefit Plan</b>		
Gratuity		
Valuations in respect of Gratuity have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:		
(i) Discount Rate (Per annum)		8%
(ii) Rate of increase in Compensation levels		7%
(iii) Rate of Return on Plan Assets		8%
(iv) Expected Avg. remaining working lives of employees in no. of Years		32.97 years
<b>(i) Changes in present Value of Obligation</b>		
(a) Present value of Obligation as at 1 <sup>st</sup> April 2007		5,56,009
(b) Interest Cost		44,481
(c) Past Service Cost		5,56,009
(d) Current Service Cost		4,28,388
(a) Contributions by Plan participants		Nil
(b) Curtailment Cost/(Credit)		Nil
(c) Settlement Cost/(Credit)		Nil
(d) Benefits Paid		Nil
(e) Actuarial(Gains)/Loss		(4,47,738)
(f) Present value of Obligation as at 31 <sup>st</sup> March, 2008		5,81,139
<b>(ii) Changes in Fair value of Plan Assets</b>		
(a) Present value of Plan assets as at 1 <sup>st</sup> April 2007		Nil

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(b) Expected Return on Plan Assets	Nil
(c) Actuarial(Gain)/Loss	Nil
(d) Employers' Contributions	Nil
(e) Employees' Contributions	Nil
(f) Benefits Paid	Nil
(g) Fair Value of Assets as at 31 <sup>st</sup> March, 2008	Nil
<b>(iii) Percentage of each category of plan Assets to total fair value of plan Assets as on 31<sup>st</sup> March,2008</b>	
(a) Bank Deposits(Sp. Dep. Scheme, 1975)	Nil
(b) Debt Instruments	Nil
(c) Administered by Life Ins. Corp. of India	Nil
(d) Others	Nil
<b>(iv)Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets</b>	
(a) Present value of Funded Obligation as at 31 <sup>st</sup> March, 2008 Nil	
(b) Fair value of Plan Assets as at 31 <sup>st</sup> March, 2008	Nil
(c) Funded (Asset)/Liability recognized in the Balance Sheet Nil	
(d) Present value of Unfunded Obligation as at 31 <sup>st</sup> March, 2008	Nil
(e) Unrecognized Past Service Cost	Nil
(f) Unrecognized Actuarial(Gain)/Loss	Nil
(g) Unfunded Net Liability recognized in the Balance Sheet	5,81,139
<b>(v) Amounts recognized in the Balance Sheet</b>	
(a) Present Value of Obligation as at 31 <sup>st</sup> March 2008	5,81,139
(b) Fair value of Plan Assets as at 31 <sup>st</sup> March 2008	Nil
(c) Asset/ Liability recognized in the Balance Sheet	5,81,139
<b>(vi) Expenses recognized in the Profit and Loss Account</b>	
Current Service Cost	4,28,388
Past Service Cost	Nil
Interest Cost	44,481
Expected Return on Plan Assets	Nil
Curtailment Cost/(Credit)	Nil
Settlement Cost/(Credit)	Nil
Net Actuarial(Gain)/Loss	(4,47,738)
Employees' Contribution	Nil
Total Expenses recognized in the Profit and Loss Account	25,131

## 11. Segment Reporting

The company has only one business segment viz manufacture and sale of oral care products. The relevant disclosure in respect of geographical segments is as under:-

(Amount in Rupees)

	Exports		Domestic	
	2007-08.	2006-07.	2007-08.	2006-07.
<b>Sales</b>	10,86,72,675	9,59,56,718	25,50,77,812	24,31,57,882
<b>Assets(Debtors)</b>	4,29,81,580	3,78,21,483	2,20,16,357	3,76,35,488

The Liabilities & other Income & Expenditure of the company are not identifiable to any particular segment.

## 12. The Disclosure as required by the Accounting Standard -18 (Related Party Disclosure) are given below:-



## JHS Svendgaard Laboratories Limited

A. Following are the names of related parties and description of relationship, with which there are transactions during the year.

**Key management personnel**

1. Mr. Nikhil Nanda
2. Mr. G.K. Nanda

**Relatives of Key Management Personnel**

1. Mrs. Sushma Nanda

**Subsidiary Companies:**

1. Jones H. Smith, FZE.
2. Nikiven Personal Care Products Private Limited.

**Enterprises over which key management personnel and their relatives exercise significant influence**

1. Berco Engineering Private Limited
2. Dr. Fresh, USA.
3. Prince Plastic Technologies

B. The following are the volume of transactions with related parties during the year and outstanding balances as on year end disclosed in aggregate by type of related party:

(Amount in Rupees)

Transactions	Key Management Personnel		Enterprises over which Key Management Personnel and their relatives exercise significant influence		Relatives of Key Management Personnel	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Job Work Charges paid to						
- Prince Plastic Technologies			32,357	5,18,035		
Repair & Machinery (Plant & Machinery paid to )						
- Prince Plastic Technologies			30,054	15,226		
Material Purchase from						
- Prince Plastic Technologies			2,55,369	26,19,929		
Finished goods sold to						
- Prince Plastic Technologies			1,45,367	14,58,424		
-Dr fresh Inc			6,87,41,624	3,22,53,744		
Rent Paid to						
-Berco Engineers (P) Ltd.			16,54,500	15,00,000		
-Nikhil Nanda	52,12,380	6,00,000				
Electricity expenses paid to						
-Nikhil Nanda	51,17,054	67,38,635				
Director Remuneration						
-Nikhil Nanda	12,00,000	12,00,000				
-P. K. Manglik		4,70,967				
-G. K. Nanda	1,20,000	2,258				
Loan from Director						
-Nikhil Nanda (accepted)	7,00,924	2,90,00,000				
-Nikhil Nanda (Repaid)	17,08,589	2,95,85,869				
Relatives of Key Management Personnel (Accepted)						
Relatives of Key Management Personnel (Repaid)						9,09,996
-Equity share warrant					36,80,000	
Allotment to Sushma Nanda @ 46 Per warrant & amount up per warrant is Rs. 4.60						

# JHS Svendgaard Laboratories Limited



Transaction with Subsidiary Company	Jones H. Smith FZE.	Nikiven Personal Care Products Private Limited				
Investment in Equity shares	1088330	255160				
Unsecured Loans	369085	14224487				
(Maximum Outstanding during the year)	369085	14224487				
Balance outstanding						
	<b>2007-08</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2006-07</b>
-Credit Balance						
-Nikhil Nanda (Electricity)	4,81,333					
-Nikhil Nanda (Rent)	15,50,591					
-Director Remuneration	5,42,673					
-Sitting Fees						
-Prince Plastic Technologies			5,37,615	3,65,202		
-Berco Engineering			2,77,734	2,77,734		
-Debit Balance						
-Dr Fresh			5,08,693	79,05,088		

13. Obligation on long term, non-cancelable operating leases:

The lease rental charged during the year and maximum obligation on long term non-cancelable operating leases payable as per the rentals started in the respective agreements

(Amount in Rupees)

Particulars	2007-08	2006-07
Lease Rental recognized during the year	68,66,880	21,00,000
Obligations		
Within one of the year of the Balance Sheet Date	84,27,000	68,66,880
Due in a period between 1 year & 5 year	84,27,000	84,27,000
Due after 5 year	Nil	Nil

\* Above disclosure is given for all the leasehold premises except for one in the absence of relevant documents.

14. The calculation of Earning per Share (EPS) has been made in accordance with Accounting Standard (AS) 20 issued by the ICAI. A statement on calculation of Basic and Diluted EPS is as under:

(Amount in Rupees)

Particulars		UNITS	2007-08	2006-07
Profit after Tax (after extraordinary items)	A	Rs.	35760256	43738299
Weighted average no. of equity shares	B	Nos.	12506582	8865306
Add: Dilutive potential equity shares		Nos.	1610	Nil
Number of equity shares for Dilutive EPS	C	Nos.	12508192	886530
Notional value per share			10	10
Basic Earning Per Share (A/B)		Rs.	2.85	4.93
Diluted Earning Per Share (A/C)		Rs.	2.85	4.93

15. The deferred tax assets/(liabilities) arising out of timing differences comprise of the following major Components

(Amount in Rupees)

Particulars	2007-08	2006-07
Difference between books & tax depreciation on base of fixed Assets	17,82,528	(27,70,517)
Deferred tax Liabilities	6,05,882	9,41,698
Provision for doubtful debt	Nil	3,69,358
Provision for Preliminary expenses	2,52,872	3,79,308
Provision for Gratuity	25,130	8,15,612
Deferred tax Assets	94,493	5,31,698
Net Deferred Liabilities	(5,12,000)	(4,10,000)



## JHS Svendgaard Laboratories Limited

16. (A): Details of remuneration to Managing Director is as under:

(Amount in Rupees)

Particulars	2007-08	2006-07
Salary	12,00,000	12,00,000
Monetary Perquisites	17,281	4,51,326
<b>Total (Rs.)</b>	<b>12,17,281</b>	<b>16,51,326</b>

(B). Remuneration to Whole Time Directors is as under

(Amount in Rupees)

Particulars	2007-08	2006-07
Salary	1,20,000	4,73,225
Monetary Perquisites	Nil	Nil
<b>Total (Rs.)</b>	<b>1,20,000</b>	<b>4,73,225</b>

(C) Sitting fee paid to Director Rs. 28500 (Rs.29000)

17. Auditors remuneration includes (including service tax, where applicable)

(Amount in Rupees)

Particulars	2007-08	2006-07
Statutory Audit fees	4,77,530	3,37,080
Tax Audit fees	84,270	56,180
Limited Review	1,68,540	33,672
Certification fees	38,202	Nil
Out of Pocket Expenses	7,447	Nil
<b>Total</b>	<b>7,75,989</b>	<b>4,26,932</b>

18. The company has initiated the process of identification of Micro, Small & Medium Enterprises suppliers and service providers, at this point of time. The company has, however, not received critical inputs and response from several such potential parties, the liability of interest, if any, cannot be reliably estimated nor required disclosure can be made

19. Earnings in foreign exchange

(Amount in Rupees)

Particulars	2007-08	2006-07
FOB value of exports	10,64,41,947	93,826,447
Freight	22,30,728	21,30,271
<b>Total</b>	<b>10,86,72,675</b>	<b>95,956,718</b>

20. Expenditure in foreign currency on travelling Rs. 14,58,319 (Rs. 6,55,973)

21. CIF Values of Imports

(Amount in Rupees)

Particulars	2007-08	2006-07
Raw material	8,20,07,106	2,81,41,643
Capital goods	30,02,14,176	-

22. Quantitative Information

Particulars	Unit	2007-08	2006-07
Licensed capacity (Oral Care Products)	Pcs	Not Applicable	Not Applicable
Installed capacity * (Oral Care Products)	Pcs	11,60,00,000	7,00,00,000
Actual Production (Oral Care Products)	Pcs	11,55,54,716	6,74,01,682

\* As certified by the management this being technical matter.

23. Stock of finished goods

(Amount in Rupees)

Oral Care Products	2007-08		2006-07	
	Quantity	Amount (Rs.)	Quantity	Opening
Stocks	5214422	3,22,17,209	2248672	1,38,04,437
Closing Stocks	14190320	6,14,67,315	5214422	3,22,17,209



# JHS Svendgaard Laboratories Limited



## 24. Raw Material consumed

Particulars	Quantity (In Kgs.)		Amount (In Rs.)	
	2007-08	2006-07	2007-08	2006-07
Nylon Bristles	97732.14	64,626.32	5,37,01,695	1,73,98,121
Anchor Wire	21294.67	17,238.65	7,841,065	58,94,657
Plastic Granules	1453553.32	17,10,219.20	10,24,56,156	10,94,36,231
Glycerin	15571.50	24,580.50	9,80,516	9,91,393
Citric Acid	17685.72	40,668.69	9,63,088	21,31,488
Sorbitol	34745.54	1,38,348.88	8,92,120	33,91,242
Packing Material/Others			3,00,85,209	4,36,90,496
<b>TOTAL</b>			<b>19,69,19,849</b>	<b>18,29,33,628</b>

25. Previous years figures have been regrouped and rearranged wherever necessary.

26. Figures in brackets represent figures for the previous year.

27. Schedule 1 to 21 forms integral part of the Balance Sheet and have been authenticated as such.

As per our attached report of even date.  
For Haribhakti & Co.  
Chartered Accountants

On Behalf of the Board of Directors  
JHS Svendgaard Laboratories Limited

Raj Kumar Agarwal  
Partner

Nikhil Nanda  
Managing Director

Mukul Pathak  
Director

Jagmohan Bijalwan  
Company Secretary

Place : New Delhi  
Date : 19th June, 2008



# JHS Svendgaard Laboratories Limited

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

### I) Registration Details

registration No.  
State Code  
Balance Sheet Date

### II) Capital raised during the year

public issue	Nil	Nil
Right issue	Nil	Nil
Bonus issue	Nil	Nil
Private Placement	Nil	Nil

### III) Position of mobilisation and deployment of funds (Amount in Lacs.)

Total Liabilities	9220.83	6383.67
Total Assets	9202.83	6383.67
Source of funds		
Paid up capital	1290.00	1250.00
Share Application Money	-	-
Reserves and Surplus	4529.99	4029.68
Secured loan	3318.01	1089.82
Unsecured loans	0.00	10.07
Deferred tax liability	9.22	4.10
<b>Application of funds</b>		
Net fixed assets	4358.95	1049.44
Investments	295.12	1566.93
Net current assets	4566.75	3767.30
Miscellaneous expenditure	Nil	Nil

### IV) Performance of Company (Amount in LACS)

Turnover	3637.50	3186.41
Other in	92.58	71.12
Total Expenditure	3323.42	2775.14
Profit before tax	406.67	482.39
Profit after tax	357.13	437.38
Weighted no. of equity shares	125.07	88.65
Earning per shares (Basic)	2.85	4.93
Earning per shares (Diluted)	2.85	4.93
Interim dividend	Nil	Nil
Dividend	Nil	Nil

### V) Generic names of three principal products/services of company (as per monetary terms) Products description

As per our attached report of even date  
For Haribhakti & Co.  
*Chartered Accountants*

On Behalf of the Board of Directors  
JHS Svendgaard Laboratories Limited

Raj Kumar Agarwal  
*Partner*

Nikhil Nanda  
*Managing Director*

Mukul Pathak  
*Director*

Jagmohan Bijalwan  
*Company Secretary*

Place : New Delhi  
Date : 19th June, 2008

# JHS Svendgaard Laboratories Limited



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

(Figures in Rs.)

Particulars	March 31, 2008	March 31, 2007
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit, as before Tax	40,666,707	48,239,299
Adjusted for :		
Depreciation	19,374,092	6,056,340
Interest, Dividend and Miscellaneous Income	(8,904,377)	(6,750,761)
Excess Provision written Back	(259,603)	
Interest and financial Charges	27,437,204	11,751,790
<b>Operating Profit before Working Capital Changes</b>	<b>78,314,023</b>	<b>59,296,668</b>
Adjusted for :		
(Increase)/Decrease in Inventories	7,886,628	(56,342,544)
Decrease/(Increase) in Debtors	10,459,028	3,107,093
(Increase)/ Decrease in Loan & Advances	(103,776,374)	(127,084,615)
Decrease/(Increase) in other current assets	(40,551)	(38,019)
(Decrease)/ Increase in Current liabilities and provisions	55,102,668	(9,174,256)
<b>Cash generated from Operations</b>	<b>47,945,422</b>	<b>(130,235,673)</b>
Income Taxes Paid	-	(1,396,000)
<b>Net Cash generated from Operating Activities</b>	<b>47,945,422</b>	<b>(131,631,673)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(350,324,815)	(57,306,397)
(Purchase)/Sale of Investments	127,180,739	(156,692,950)
Interest and Dividend Income Received	8,904,377	6,740,605
Profit on Redemption on Mutual Fund		10,156
<b>Net Cash used in Investing Activities</b>	<b>(214,239,699)</b>	<b>(207,248,586)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	4,000,000	67,003,320
Share Warrant	7,360,000	-
Proceeds from Share Premium	14,400,000	321,615,936
Proceeds from Secured Loans	222,819,493	34,932,428
Paid towards Unsecured Loans	(1,007,665)	(1,495,865)
Paid towards Preference Share Issue expenses	(81,180)	(40,411,488)
Interest and financial Charges	(27,437,204)	(11,751,790)
<b>Net Cash Flow from Financing Activities</b>	<b>220,053,444</b>	<b>369,892,541</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	<b>53,759,167</b>	<b>26,071,212</b>
Opening Balance of Cash and Cash Equivalents	36,802,059	10,730,847
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>90,561,226</b>	<b>36,802,059</b>

For Haribhakti & Co.  
Chartered Accountants

On Behalf of the Board of Directors  
JHS Svendgaard Laboratories Limited

Raj Kumar Agarwal  
Partner

Nikhil Nanda  
Managing Director

Mukul Pathak  
Director

Jagmohan Bijalwan  
Company Secretary

Place : New Delhi  
Date : 19th June, 2008



## JHS Svendgaard Laboratories Limited

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1	Name of the Subsidiary	Jones H Smith, FZE	Nikiven Personal Care Products Private Limited
2	Financial year ended	31.03.2008	31.03.2008
3	Holding Company's interest	100% in Equity Share Capital	51.03% in Equity Share Capital
4	Shares held by the Holding Company in the Subsidiary	1 share of AED 100,000/- each	25,516 Shares Rs. 10/- each
5	The net aggregate of profits or losses for the above financial Year of the Subsidiary so far as it concerns the members of the Holding Company  a. dealt with or provided for in the accounts of the Holding Company  b. not dealt with or provided for in the accounts of the Holding Company	Nil  Loss: AED 12,323	Nil  Loss: Rs. 28,659
6	The net aggregate of profits or losses for the previous financial years of the Subsidiary so far as it concerns the members of the Holding Company  a. dealt with or provided for in the accounts of the Holding Company  b. not dealt with or provided for in the accounts of the Holding Company	Nil  Nil	Nil  Nil

# JHS Svendgaard Laboratories Limited



## AUDITOR'S REPORT FOR CONSOLIDATED FINANCIAL STATEMENTS

To,  
The Board of Directors of  
JHS SVENDGAARD LABORATORIES LIMITED

- 1) We have audited the attached Consolidated Balance Sheet of JHS SVENDGAARD LABORATORIES LIMITED (the Company) and its subsidiaries as at 31<sup>st</sup> March 2008 and the Consolidated Profit and Loss account and Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require obtaining reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) We further report that we did not audit the financial statement of subsidiaries, whose financial statements reflect total assets of Rs 167 Lacs as at March 31, 2008, and total revenue of Rs .04 Lacs for the year ended on that date. These financial statements and some financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors.
- 4) We report that the consolidated financial statement have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) 21, Consolidated Financial Statements and on the basis of the separate audited financial statements and other information referred in paragraph 3 (d) above.
- 5) Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 31<sup>st</sup> March, 2008; and
  - b. in the case of the Consolidated Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - c. in case of the Consolidated Cash Flow Statement, of the Cash Flow for the year ended on that date.

For Haribhakti & Co.,  
Chartered Accountants

Raj Kumar Agarwal  
Partner  
Membership No. 74715

Place : New Delhi  
Date : 19<sup>th</sup> June, 2008.



# JHS Svendgaard Laboratories Limited

## CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule No.		As at 31.03.2008 ( in Rs.)
<b>I. SOURCES OF FUNDS:</b>			
<b>1. Shareholders' Funds :</b>			
a) Share Capital	1	129,000,070	
b) Share Warrant		7,360,000	
c) Reserves and Surplus	2	452,832,380	589,192,450
<b>2. Minority Interest</b>			
			147,516
<b>3. Loan Funds :</b>			
a) Secured Loans	3	331,801,333	
b) Unsecured Loans	4	893,458	332,694,791
<b>4. Deferred Tax Liability</b>			
			863,545
<b>TOTAL</b>			<u>922,898,302</u>
<b>II. APPLICATION OF FUNDS :</b>			
<b>1. Fixed Assets :</b>			
a) Gross Block		407,034,575	
b) Less : Depreciation		(29,636,662)	
<b>Net Block</b>	5	377,397,913	
c) Capital Work in Progress	5(A)	72,089,814	449,487,727
<b>2. Investments :</b>			
	6		28,168,721
<b>3. Goodwill on Consolidation</b>			
			72,760
<b>4. Current Assets, Loans &amp; Advances :</b>			
a) Inventories	7	141,543,221	
b) Sundry Debtors	8	64,721,244	
c) Cash & Bank Balances	9	92,337,109	
d) Other Current Assets	10	3,560,278	
e) Loans & Advances	11	257,079,090	
		559,240,942	
<b>Less : Current Liabilities &amp; Provisions :</b>			
a) Current Liabilities	12	105,510,832	
b) Provisions	13	8,610,925	
		114,121,757	
<b>Net Current Assets :</b>			445,119,185
<b>Misc Assets</b>			49,910
<b>TOTAL</b>			<u>922,898,302</u>
Significant Accounting Policies and Notes forming integral part of the Accounts			
	21		

For Haribhakti & Co.  
Chartered Accountants

On Behalf of the Board of Directors  
JHS Svendgaard Laboratories Limited

Raj Kumar Agarwal  
Partner

Nikhil Nanda  
Managing Director

Mukul Pathak  
Director

Jagmohan Bijalwan  
Company Secretary

Place : New Delhi  
Date : 19th June, 2008

# JHS Svendgaard Laboratories Limited



## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule No.	For the year ended 31st March, 2008 ( in Rs.)
<b>INCOME</b>		
Sales	14	378,534,138
Less: Excise Duty		(14,783,651)
		<u>363,750,487</u>
Other Income	15	9,263,265
	<b>TOTAL</b>	<b><u>373,013,752</u></b>
<b>EXPENDITURE :</b>		
Increase /(Decrease) in Finished Goods	16	10,786,454
Material Consumed & Manufacturing Expenses	17	219,234,493
Payment to & Provision for Employees	18	16,680,422
Administrative, Selling & Other Expenses	19	39,014,395
Finance Expenses	20	27,465,433
Depreciation	5	19,374,092
	<b>TOTAL</b>	<b><u>332,555,290</u></b>
Profit before taxation		40,458,463
Less: Provision for taxation		
Current Tax		4,000,000
Deferred Tax		498,201
Fringe Benefit Tax		410,000
Wealth Tax		32,000
Profit after Taxation before Minority Interest		<u>35,518,262</u>
Add: Minority Interest		27,502
Profit after Taxation and Minority Interest		<u>35,545,764</u>
Add: Balance as per previous year		64,014,097
Balance carried to Balance Sheet		<u>99,559,861</u>
<b>Earnings per share</b>		
Basic Earnings Per Share		2.84
Diluted Earnings Per Share		2.84
Face value Rs.10/- each		
(Refer Note No 14 of Notes to Accounts)		
Significant Accounting Policies and Notes forming integral part of the Accounts	21	

As per our attached report of even date.  
For Haribhakti & Co.  
Chartered Accountants

On Behalf of the Board of Directors  
JHS Svendgaard Laboratories Limited

Raj Kumar Agarwal  
Partner

Nikhil Nanda  
Managing Director

Mukul Pathak  
Director

Jagmohan Bijalwan  
Company Secretary

Place : New Delhi  
Date : 19th June, 2008



# JHS Svendgaard Laboratories Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

As at 31.03.2008  
( in Rs.)

### SCHEDULE '1' : SHARE CAPITAL

#### Authorised:

18,000,000 (1,80,00,000) Equity Shares of Rs.10/- each

180,000,000

#### Issued and Subscribed :

12,900,007 (1,25,00,007) Equity Shares of Rs.10/- each

129,000,070

#### Paid up :

12,900,007 (1,25,00,007) Equity Shares of Rs.10/- each fully paid up.

129,000,070

**TOTAL**

**129,000,070**

### SCHEDULE '2' : RESERVE AND SURPLUS

General Reserve :

667,750

Securities Premium

338,285,948

Add : Addition During the Year

14,400,000

Less : Share Issue Expenses

81,180

352,604,768

Profit and Loss Account

99,559,861

**452,832,380**

### SCHEDULE '3' : SECURED LOANS

#### (1) Term Loan From Bank

(a) Foreign Currency Loan

162,394,470

(b) Rupee Loan

#### (2) Working Capital Loan From Bank

(a) Foreign Currency Loan

145,590,225

(c) Rupee Loan

20,507,586

#### (3) Vehicle Loan

3,309,053

**331,801,333**

1. Term Loan in the form of ECB & FCTL is secured Against exclusive charge on all movable fixed assets and first charge on all the immovable fixed assets of the company present and future, Equitable mortgage of land owned by the company at Kala-Amb personal guarantee of one of the Directors
2. Working Capital Loans in the form of Cash Credit, Packing Credit, Bill Discounting is Secured By hypothecation of the Company's entire stock, book debts, export bill, both present & future, Personal guarantee of one of the Directors.
3. Vehicle Loan are Secured against Hypothecation of specific vehicle against which the finance is obtained.

### SCHEDULE '4' : UNSECURED LOANS

#### Short Term

From Directors

696,732

From Others

196,726

**893,458**

### SCHEDULE '5' : FIXED ASSETS

( Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2007	Addition during the Year	Deductions during the year	As On 31.03.2008	Up To 01.04.2007	For The Year	Sale/ Adjustment	Up to 31.03.2008	As on 31.03.2008	As on 31.03.2007
*Land	8,684,000	13,592,500	-	22,276,500	-	-	-	-	22,276,500	8,684,000
Building	101,642	33,008,000	-	33,109,642	4,225	209,249	-	213,474	32,896,168	97,418
Plant & Machinery	44,417,001	270,624,404	-	315,041,405	4,777,688	13,422,067	-	18,199,755	296,841,650	39,639,313
Mould & Dies	8,455,664	7,234,322	-	15,689,986	3,893,797	4,215,126	-	8,108,923	7,581,063	4,561,867
Computers	830,429	1,069,757	-	1,900,186	162,545	213,694	-	376,239	1,523,947	667,884
Computer Software	-	16,848	-	16,848	-	1,474	-	1,474	15,374	-
Furniture & Fixture	6,224,301	2,827,581	-	9,051,882	733,125	465,329	-	1,198,454	7,853,428	5,491,176
Vehicle	7,403,617	2,544,509	-	9,948,126	691,190	847,153	-	1,538,343	8,409,783	6,712,427
Current Year	76,116,654	330,917,921	-	407,034,575	10,262,570	19,374,092	-	29,636,662	377,397,913	65,854,085
Previous Year	55,712,098	20,404,556	-	76,116,654	4,206,230	6,056,340	-	10,262,570	65,854,084	-

\* Includes Rs. 42,19,250/- and Rs. 1,35,92,500/- being value of lands which are yet to be registered in the name of Company/ Subsidiary Company.



# JHS Svendgaard Laboratories Limited



## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

As on 31.03.2008

### SCHEDULE '5 A' : Capital Work in Progress

#### WIP

Building under Construction	47,975,590.00	
Less : Pre- operative Exp.	-	47,975,590.00
Plant & Machinery		12,543,030.00
Computer Software		2,217,550.00
Furniture & fixture		627,284.00
		<u>63,363,454.00</u>

#### Add : Pre-operative Expenses

Bank Interest	1,081,832.00	
Bank Charges	1,622,988.00	
Cartage freight and Octrai	-	
Consulting Charges		
Conveyance		
Electricity Expenses		
Fees, Rates and Taxes		
Foreign Travelling	1,220,995.00	
General Expenses		
Generator Running and Maintenance		
Internet Expenses	82,980.00	
Labour Charges	124,600.00	
Legal and professional Charges	2,849,488.00	
Misc. Expenses	12,595	
Other		
Printing and Stationery		
Rent, taxes and rates		
Repair and Maintenance		
Salary		
Staff Welfare		
Telephone Expenses	873.00	
Travelling Expenses		
<b>Amount to be capitalised as on 1.4.2007</b>	<u>1,742,604.00</u>	<u>8,726,360.00</u>
		<u><b>72,089,814.00</b></u>

### SCHEDULE '6' : INVESTMENT

#### Long Term & Unquoted

#### Investment In Subsidiary

(Nil) fully paid Equity Shares of AED 100000 of Jones H Smith, U.A.E.	1,088,330
25516.(Nil) fully paid Equity Shares of face value of Rs 10/- of Nikiven Personal Care Private Limited, India	255,160
	<u><b>1,343,490</b></u>

#### Investment in Mutual Funds

NIL (50000) units of BirlaFixed Term Plan of F V of Rs.10 each	-
NIL (9998) Units of DSP Merrill Lynch Liquid Plus of F V of Rs. 1000/- each	-
28125(149971) Units of DSP Merrill Lynch Liquid Plus of F V of Rs1000/-each	28,168,721
NIL(3120640)Units of Sundram BNP Paribas Fixed Term Plan Series of F V Rs 10/- each	-
NIL(5048636)Units of Sundram Mutual Fund of F V of Rs. 10/-each	28,168,721
	<u><b>29,512,211</b></u>

#### TOTAL

#### Detail of Investment in Units of Mutual Funds Purchase & Sold During the Year

Name of the Mutual Fund	Face Value	No. of Units	Amount (Rs.)
Sundaram BNP Paribas Fixed Income Interval Fund- Qt	Rs. 10/-each	4000000	40000000
Sundaram BNP Paribas FTP Series XXXIV	Rs. 10/-each	4000000	40000000
Sundaram BNP Paribas Liquid Plus Div. Reinv. Daily	Rs. 10/-each	4100000	41000000
Sundram BNP Paribas-F.T Plan-Series-XXVI	Rs. 10/-each	5000000	50000000
Sundram BNP Paribas Liquid Plus	Rs. 10/-each	5000000	50000000
			<u><b>221000000</b></u>



# JHS Svendgaard Laboratories Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

As at 31.03.2008 ( in Rs.)

<b>SCHEDULE '7' : INVENTORIES</b> <i>(As taken, valued and certified by the Management)</i>		
- Raw Materials		74,696,852
- Consumable Stores		31,950
- Work in Progress		4,754,997
- Finished Goods		61,467,315
	<b>TOTAL</b>	<b>140,951,113</b>
<b>SCHEDULE '8' : SUNDRY DEBTORS</b> <i>(Unsecured, Considered Good Unless Otherwise Stated)</i>		
More than Six Months		2,825,139
Others		62,172,797
		64,997,937
Less: Provision for Doubtful Debts		369,358
	<b>TOTAL</b>	<b>64,628,578</b>
<b>SCHEDULE '9' : CASH AND BANK BALANCES</b>		
Cash on hand <i>(As certified by the management)</i>		3,331,783
Balances with scheduled banks :		
In Current Accounts		54,076,634
In Fixed Deposit Account		33,152,809
	<b>TOTAL</b>	<b>90,561,226</b>
<b>SCHEDULE '10' : OTHER CURRENT ASSETS</b>		
Deposits with Sales Tax Department		10,000
Export Incentive Receivable		3,550,278
	<b>TOTAL</b>	<b>3,560,278</b>
<b>SCHEDULE '11' : LOANS AND ADVANCES</b> <i>(Unsecured &amp; Good Unless Otherwise Stated)</i>		
Advances recoverable in cash or in kind or for value to be received		24,396,524
Advance Tax & Tax deducted at source		10,249,917
Advance Against Fixed Assets		149,676,098
Advance to Supplier		43,175,379
Advance for services		207,686
Loans & Advance to subsidiary		-
Balance with Excise & Customs Department		23,612,615
Prepaid Expenses		985,320
Security & Other Deposits		4,775,550
	<b>TOTAL</b>	<b>257,079,090</b>
<b>SCHEDULE '12' : CURRENT LIABILITIES</b>		
Sundry Creditors		69,654,780
Advance From Customer		30,430,282
Duties & Taxes		1,090,059
Expenses Payable		3,848,524
Other liability		418,122
Interest accrued but not Due		69,065
	<b>TOTAL</b>	<b>105,510,832</b>
<b>SCHEDULE '13' : PROVISIONS</b>		
Provision for Gratuity		581,139
Provision for Taxation		8,029,786
	<b>TOTAL</b>	<b>8,610,925</b>
<b>SCHEDULE '14' : SALES</b>		
Domestic Sales		249,570,254
Exports Sales		108,672,675
Trading Sales		18,968,275
DTA Sales		630,099
Scrap sales		692,835
	<b>TOTAL</b>	<b>378,534,138</b>
<b>SCHEDULE '15' : OTHER INCOME</b>		
Interest		3,005,395
Dividend		5,898,982
Export incentive		30,550
Profit on Redemption of Mutual Fund		-
Miscellaneous income		68,735
Gratuity (Excess provision 2006-07) Written Back		259,603
	<b>TOTAL</b>	<b>9,258,530</b>
<b>SCHEDULE '16' INCREASE / (DECREASE) IN STOCK</b>		
Finished Goods		

# JHS Svendgaard Laboratories Limited



## SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT

As at 31.03.2008 ( in Rs.)

Opening Stock		32,217,209
Add : Purchase		859,637
Total		33,076,846
Less : Closing Stock		61,467,315
		(28,390,469)
<b>Work in Progress</b>		
Opening Stock		2,364,830
Add : Purchase		41,567,089
Total		43,931,919
Less : Closing Stock		4,754,997
		39,176,923
	<b>TOTAL</b>	<b>10,786,454</b>
<b>SCHEDULE '17' MATERIAL CONSUMED AND MANUFACTURING EXPENSES</b>		
<b>Raw Material Consumed :</b>		
Opening Stock	114,203,622	
Add : Purchases	157,413,079	
	<u>271,616,701</u>	
Less : Closing Stock	74,696,852	196,919,849
<b>Store and Tools Consumed :</b>		
Opening Stock	52,080	
Add : Purchases	1,531,865	
	<u>1,583,945</u>	
Less : Closing Stock	31,950	1,551,995
<b>Manufacturing Expenses :</b>		
Job Work Charges		4,936,805
Freight Inward		1,538,888
State Excise Duty		-
Power and Fuel		11,614,591
Testing Charges		72,859
Wages		2,599,507
		<u>219,234,493</u>
	<b>TOTAL</b>	<b>219,234,493</b>
<b>SCHEDULE '18' : PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salaries, Bonus, & Allowances		15,300,385
Contribution to Provident Fund & ESIC		466,052
Workmen and Staff Welfare		717,545
Recruitment and Training		171,310
Gratuity		25,130
		<u>16,680,422</u>
	<b>TOTAL</b>	<b>16,680,422</b>
<b>SCHEDULE '19' : ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>		
Auditor's remuneration		561,800
Advertisement Expenses		2,091,319
Business Promotion		372,643
Directors' Sitting Fees		28,500
Directors' Remuneration		1,337,281
Export Expenses		2,820,729
Exchange Fluctuation (Net)		3,864,147
Freight & Cartage		1,825,758
Insurance		598,739
Legal & Professional Fees		4,240,186
Postage, Telephone, Printing Stationery		1,946,814
Rent , Rate & Taxes		7,475,334
Repairs & Maintenance		-
- Building		1,172,752
- Others		459,924
- Plant and Machinery		3,588,074
Sundry Expenses		2,977,797
Travelling & Conveyance Expenses		3,652,599
		<u>39,014,395</u>
	<b>TOTAL</b>	<b>39,014,395</b>
<b>SCHEDULE '20' : FINANCIAL EXPENSES</b>		
Bank Interest		10,514,408
Bank Charges		16,951,026
		<u>27,465,433</u>
	<b>TOTAL</b>	<b>27,465,433</b>



# JHS Svendgaard Laboratories Limited

## SCHEDULE FORMING PART OF CONSOLIDATED ACCOUNTS

### SCHEDULE 21 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008.

#### A) Significant accounting policies

1. Basis of Preparation of Consolidated Financial Statements
  - a) The consolidated financial statement relates to JHS Svendgaard Laboratories Limited (the Company) and its subsidiaries together called as JHS GROUP and have been prepared in compliance with the applicable accounting standard issued by the Institute of Chartered Accountants of India, and relevant provisions of Companies Act, 1956.
  - b) The Consolidated Financial Statement has been prepared under historical cost convention & accrual basis.
2. Principles of Consolidation
  - a) The subsidiaries considered in the Consolidated Financial Statements are as under and have been incorporated/acquired during the year.

Name of the Subsidiaries	Country of Incorporation	Ownership Interest	Financial Year ends on
Jones H. Smith, FZE	UAE	100%	31st March, 2008
Nikiven Personal Care Products Private Limited.	India	51.03%	31st March, 2008

- b) The consolidated Financial Statements have been prepared on the following basis:
  - i) The consolidated financial statements have been prepared in accordance with the accounting Standard 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
  - ii) The financial statement have been consolidated on a line by line basis by adding together the book value of assets, liabilities, income & expenses, after fully eliminating Intra Group balances and Intra group transaction resulting in unrealized profits/losses, if any.
  - iii) The Consolidated Financial Statements have been prepared by using uniform accounting policies for like transaction and other events in similar circumstances and are presented to the extent possible in the same manner as those of the parent companies independent financial statements unless stated otherwise.
  - iv) The operation of the foreign subsidiaries have been considered by the management, as non integral operation.
  - v) The difference between the cost to the company of its investments in its subsidiary and its portion of equity of subsidiary at the dates they become subsidiary, is recognised in the financial statements as goodwill or capital reserve, as the case may be. This is based upon determination of pre-acquisition profit/loss and of the net worth on the date of acquisition determine by the management on the basis of certain estimates which have been relied upon by the auditors.
  - vi) Minority interest in the consolidated financial statement is identified and 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 are adjusted against the income of the group in order to arrive at the net income attributable to the company.
  - vii) The financial statement of the subsidiary for the year ended March 31<sup>st</sup>, 2008 have been prepared and audited as per the generally accepted accounting principles (GAAP) of the countries in which they are operating. These financial statements have been converted by the management as per requirement of Indian GAAP.
  - viii) Other significant accounting policies are as set out in standalone financial statement of JHS Svendgaard Laboratories Limited to the extent applicable.

#### B. NOTES TO ACCOUNTS

1. Contingent liabilities not provided for in the books of accounts

(Amount in Rupees)

Particulars	As at March 31, 2008
Guarantees given by banks	95,00,000
Outstanding letter of credit	6,47,44,052
Bill Discounts	1,89,04,741
Claim not acknowledged as debts	2,42,000

# JHS Svendgaard Laboratories Limited



## SCHEDULE FORMING PART OF CONSOLIDATED ACCOUNTS

2. Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) Rs 6,14,07,409/- (Rs 15,87,97,438/-).

3. The details of Fund raised through IPO and utilization of such fund are given below: -

Particulars		As at March 31, 2008
A. Funds raised through Initial Public Offerings		38,86,19,256
B. Utilization by way of expansion plan/New Project		
-Building and civil works		4,44,67,219
-Plant and Machinery		19,12,74,882
-Margin money for working capital		1,60,25,000
-Contingencies		35,96,000
-General Corporate Purposes		3,78,30,987
-IPO Expenses		3,77,21,369
Total Funds utilized		33,09,15,457
C. The unutilized funds as at March 31 <sup>st</sup> , 2008 have been temporarily invested in Bank Fixed Deposit and other short term investments as follows:-		
-Fixed Deposit Receipts		2,95,28,739
-Short Term Investments		2,81,68,721
Total Unutilized funds	5,76,97,460	

4. During the year the company has issued four lac ( 4,00,000) Equity shares having face value of Rs.10/- each on preferential basis to Non-Promoters at a price of Rs.46/- each (including premium of Rs.36).

The company has also issued the following Equity Share Warrants to Promoters and Non- Promoters:

Particulars	No. of Warrants	Face value per Warrant (Rs.)	Amount paid up per Warrant (as on March 31, 2008 (Rs.))	Date of Allotment
Advent Advisory Services Private Limited	5,50,000	46	4.60	March 26, 2008
PVS Raju	2,00,000	46	4.60	March 26, 2008
Kanta Dungershi Dedhia	50,000	46	4.60	March 26, 2008
Sushma Nanda	8,00,000	46	4.60	March 26, 2008

Each Equity Share Warrant is convertible into one Equity Share within a period of 18 months from their dates of allotment.

5. The company has incurred Rs. 81,180/- in share issue expenses which has been adjusted against the securities premium accounts in accordance with section 78 of Companies Act 1956.

6. Segment Reporting

The company has only one business segment viz manufacture and sale of oral care products. The relevant disclosure in respect of geographical segments is as under:-

(Amount in Rupees)

	Exports 2007-08.	Domestic 2007-08.
Sales	10,86,72,675	25,50,77,812
Assets (Debtors)	4,29,81,581	2,20,16,357

The Liabilities & other Income & Expenditure of the company are not identifiable to any particular segment.

7. The Disclosure as required by the Accounting Standard -18 (Related Party Disclosure) are given below:-

A. Following are the names of related parties and description of relation ship, with which there are certain transactions during the year.

**Key management personnel**

1. Mr. Nikhil Nanda
2. Mr. G.K. Nanda
3. Mrs. Shyama Sundri
4. Mr. H. C. Nanda

**Relatives of Key Management Personnel**

1. Mrs. Sushma Nanda

**Enterprises over which key management personnel and their relatives exercise significant influence**

1. Berco Engineering Private Limited
2. Dr. Fresh, USA.
3. Prince Plastic Technologies

B. The following are the volume of transactions with related parties during the year and outstanding balances as on year end disclosed in aggregate by type of related party:

(Amount in Rupees)

Transactions	Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence	Relatives of Key Management Personnel
	2007-08	2007-08	2007-08
<b>Job Work Charges paid to</b>			
- Prince Plastic Technologies		32,357	
Repair & Machinery (Plant & Machinery paid to )			
- Prince Plastic Technologies		30,054	
Material Purchase from			
- Prince Plastic Technologies		2,55,369	
Finished goods sold to			
- Prince Plastic Technologies		1,45,367	
-Dr fresh Inc		6,87,41,624	
Rent Paid to			
-Berco Engineers (P) Ltd.		16,54,500	
-Nikhil Nanda	52,12,380		
Electricity expenses paid to			
-Nikhil Nanda	51,17,054		
Director Remuneration			
-Nikhil Nanda	12,00,000		
-P. K. Manglik			
-G. K. Nanda	1,20,000		
Loan from Director			
-Nikhil Nanda (accepted)	8,97,650		
-Nikhil Nanda (Repaid)	17,08,589		
-Sushma Nanda (Accepted)			6,96,732
Relatives of Key Management Personnel (Repaid)			
-Equity share warrant Allotment to Sushma Nanda @ 46 Per warrant & amount up per warrant is Rs. 4.60			36,80,000

# JHS Svendgaard Laboratories Limited



Balance outstanding	2007-08	2007-08	2007-08
-Credit Balance			
-Nikhil Nanda (Electricity)	4,81,333		
-Nikhil Nanda (Rent)	15,50,591		
-Director Remuneration	5,42,673		
-Sitting Fees			
-Prince Plastic Technologies		5,37,615	
-Berco Engineering		2,77,734	
-Debit Balance			
-Dr Fresh		5,08,693	

## 8. Obligation on long term, non-cancelable operating leases:

The lease rental charged during the year and maximum obligation on long term non-cancelable operating leases payable as per the rentals started in the respective agreements

(Amount in Rupees)

Particulars	2007-08
Lease Rental recognized during the year	68,66,880
Obligations	
Within one of the year of the Balance Sheet Date	84,27,000
Due in a period between 1 year & 5 year	84,27,000
Due after 5 year	Nil

\* Above disclosure is given for all the leasehold premises except for one in the absence of relevant documents.

9. The calculation of Earning per Share (EPS) has been made in accordance with Accounting Standard (AS) 20 issued by the ICAI. A statement on calculation of Basic and Diluted EPS is as under:

(Amount in Rupees)

Particulars		UNITS	2007-08
Profit after Tax (after extraordinary items)	A	Rs.	35518262
Weighted average no. of equity shares	B	Nos.	12506582
Add: Dilutive potential equity shares		Nos.	1610
Number of equity shares for Dilutive EPS	C	Nos.	12508192
Notional value per share			10
Basic Earning Per Share (A/B)		Rs.	2.84
Diluted Earning Per Share (A/C)		Rs.	2.84

10. The deferred tax assets/(liabilities) arising out of timing differences comprise of the following major Components

(Amount in Rupees)

Particulars	2007-08
Opening as on 1 <sup>st</sup> April, 2007	248
Difference between books & tax depreciation on base of fixed Assets	17,82,528
Preliminary Expenses	9,073
Deferred tax Liabilities	6,09,050
Provision for Preliminary expenses	2,52,872
Provision for Gratuity	25,130
Unabsorbed Losses	1,81,297
Deferred tax Assets	1,56,116
Net Deferred Liabilities	(4,53,545)

11. (A): Details of remuneration to Managing Director is as under:

(Amount in Rupees)

Particulars	2007-08
Salary	12,00,000
Monetary Perquisites	17,281
Total (Rs.)	12,17,281



## JHS Svendgaard Laboratories Limited

(B). Remuneration to Whole Time Directors is as under

(Amount in Rupees)

Particulars	2007-08
Salary	1,20,000
Monetary Perquisites	Nil
Total (Rs.)	1,20,000

(C) Sitting fee paid to Director is of Rs. 28500 (Rs.29000)

12. Previous years figures have been regrouped and rearranged wherever necessary.

13. Figures in brackets represent figures for the previous year.

14. Schedule 1 to 21 forms integral part of the Balance Sheet and have been authenticated as such.

As per our attached report of even date.  
For Haribhakti & Co.  
Chartered Accountants

On Behalf of the Board of Directors  
JHS Svendgaard Laboratories Limited

Raj Kumar Agarwal  
Partner

Nikhil Nanda  
Managing Director

Mukul Pathak  
Director

Jagmohan Bijalwan  
Company Secretary

Place : New Delhi  
Date : 19th June, 2008



# JHS Svendgaard Laboratories Limited



## Consolidated Cash Flow Statement for the year ended March 31, 2008

(Figures in Rs.)

Particulars	March 31, 2008
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit, as before Tax	40,458,463.00
<i>Adjusted for :</i>	
Depreciation	19,374,092.00
Interest, Dividend and Miscellaneous Income	(8,909,112.00)
Excess Provision Written Back	(259,603.00)
Interest and financial Charges	27,465,433.00
Assets Written Off	9,992.00
Preliminary Exps Written off	7,940.00
Preoperative Exps Written off	2,042.00
Exchange loss	4,170.00
<b>Operating Profit before Working Capital Changes</b>	<b>78,153,417.00</b>
<i>Adjusted for :</i>	
(Increase)/Decrease in Inventories	7,886,628.00
Decrease/(Increase) in Debtors	10,252,822.00
(Increase)/ Decrease in Loan & Advances	(89,588,802.00)
Decrease/(Increase) in other current assets	(40,551.00)
(Decrease)/ Increase in Current liabilities and provisions	55,126,857.00
<b>Cash generated from Operations</b>	<b>61,790,371.00</b>
Income Taxes Paid	-
<b>Net Cash generated from Operating Activities</b>	<b>61,790,371.00</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	(363,917,315.00)
Purchase of Investments	128,585,069.00
Interest and Dividend Income Received	8,909,112.00
<b>Net Cash used in Investing Activities</b>	<b>(226,423,134.00)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from Issue of Share Capital	4,000,000.00
Share Warrant	7,360,000.00
Proceeds from Share Premium	14,400,000.00
Proceeds from Secured Loans	222,819,493.00
Paid towards Unsecured Loans	(1,007,665.00)
Paid towards Preference Share Issue Expenses	(81,180.00)
Interest Paid	(27,465,433.00)
<b>Net Cash Flow from Financing Activities</b>	<b>220,025,215.00</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	<b>55,392,452.00</b>
Opening Balance of Cash and Cash Equivalents	36,944,657.00
Closing Balance of Cash and Cash Equivalents	<b>92,337,109.00</b>

As per our attached report of even date.  
For Haribhakti & Co.  
Chartered Accountants

On Behalf of the Board of Directors  
JHS Svendgaard Laboratories Limited

Raj Kumar Agarwal  
Partner

Nikhil Nanda  
Managing Director

Mukul Pathak  
Director

Jagmohan Bijalwan  
Company Secretary

Place : New Delhi  
Date : 19th June, 2008



# JHS Svendgaard Laboratories Limited

## DIRECTORS' REPORT

### TO THE MEMBERS OF NIKIVEN PERSONAL CARE PRODUCTS PVT. LTD.

Your Directors have pleasure in presenting their Ninth Annual Report together with the audited statement of Accounts for the year ended 31<sup>st</sup> March, 2008.

#### FINANCIAL RESULTS/ OPERATIONS:

A net loss of Rs.69960.00 is generated during the year ended 31.3.2008 as against loss of Rs.63962.00 during the year ended 31.3.2007. During the year under review, your company has acquired a plot of land for setting up a unit to manufacture personal care products at Kalamb, Himachal Pradesh. Yours directors are confident to achieve better results in near future. The financial results are summarized here under:

(Amount in rupees)

	31.3.2008	31.3.2007
Total Revenues	4735.00	2350.00
Total Expenditures	74695.00	66312.00
Loss for the year	-69960.00	-63962.00
Less: Provision for Taxation – Deferred Assets	13799.00	7276.00
Add: Loss Brought Forward from Previous Years	-142582.20	-85896.00
Loss Carried Forward	-198743.20	-142582.20

#### DEPOSITS:

During the year under review, there were no deposits received/ invited from public within the meaning of section 58A of the Companies Act, 1956.

#### OTHER INFORMATIONS:

There are no employees drawing remuneration in excess of provision made under section 217(2A) of the Companies Act, 1956. Disclosure of information regarding conservation of Energy, Technology Absorption and Foreign Exchange earning and outgo as per Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, being not applicable, hence, not given.

#### AUDITORS:

The Auditors of the Company M/s L. K. KAPOOR & CO., Chartered Accountants, New Delhi retire at the conclusion of the forthcoming Annual General Meeting and being eligible, they are recommended for re-appointment.

#### DIRECTORS:

During the year Mrs. Pannala Syama Sundari ceased to be a director w.e.f. April 10, 2007. Mrs. Sushma Nanda was appointed as a director in casual vacancy on April 11, 2007.

#### SHARE ALLOTMENT:

During the year, the Company came out with Right Issue and has increased its Paid up Share Capital to Rs.5 Lac. The Company allotted 31600 Equity Shares on March 26, 2008 to the existing shareholders in proportion to their existing shareholding.

#### HOLDING COMPANY:

During the year on April 10, 2007, JHS Svendgaard Laboratories Limited acquired 9400 Equity Shares of the Company which constituted 51.08% of the total Paid up Share Capital of the Company. Since April 10, 2007 the company has become the subsidiary of the JHS Svendgaard Laboratories Limited and pursuant to section 3 (1) (iv) (c) of the Companies Act, 1956 our Company, being the subsidiary of the Public Company, has also attained the status of Public Company.

#### DIRECTORS' RESPOSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate accounting policies as mentioned in Schedule No. XI have been selected and applied consistently, and have 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 as at 31<sup>st</sup> March, 2008 and of the loss of the Company for the year ended 31<sup>st</sup> March, 2008;

## **JHS Svendgaard Laboratories Limited**

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3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

### **ACKNOWLEDGMENTS:**

Your Directors place on record their appreciation to the staff, banks and to the persons associated for their continued support and co-operation extended to the company by them, during the period under review.

**On behalf of the Board of Directors  
For Nikiven Personal Care Products Pvt. Ltd.**

**Place : New Delhi  
Date : 03.09.2008**

**(CHHABI LAL PRASAD)  
Director**

**(H.C. NANDA)  
Director**



# JHS Svendgaard Laboratories Limited

## AUDITORS' REPORT

To,  
The Members of  
NIKIVEN PERSONAL CARE PRODUCTS PVT. LTD.

We have audited the attached Balance Sheet of Nikiven Personal Care Products Pvt. Ltd. (formerly Sunehari Dental Care Private Limited) as at 31<sup>st</sup> March, 2008 and the Profit & Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit and report as follows:-

1. We conducted our audit in accordance with auditing standards accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, and on basis of such checks of the books of account and information and explanations given to us during the course of our audit we enclose in the Annexure a Statement on the matters specified in the Paragraphs 4 & 5 of the said order.
3. Further to our comments in the Annexure referred to in Paragraph 2 above:
  - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - iii. The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet and the Profit & Loss Account referred to in this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, in so far as they are applicable to the company.
  - v. On the basis of our review of the confirmation received and the information and explanation given to us, none of the directors of the company are as on 31<sup>st</sup> March, 2008, disqualified from being appointed as director of the company under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
  - vi. **Further to our comments in the annexure referred to above, we report that :**
    - a. Note No. 3 regarding balance of debtors, creditors and loans and advances are subject to confirmation.
    - b. Note No. 4 regarding sale tax refundable of Rs.16514.44 for which no claim has been made but classified as considered good by the management.
  - vii. In our opinion and the best of our information and according to the explanations given to us, the said accounts subject to paragraph 3 (iv) above, read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
    - a. In so far as it relates to the Balance Sheet, of the STATE OF AFFAIRS of the Company as at 31<sup>st</sup> March, 2008 and
    - b. In so far as it relates to the Profit & Loss Account, of the LOSS for the year ended on that date.

For L. K. KAPOOR & CO.  
Chartered Accountants

(CA. L. K. KAPOOR)  
Prop.

Place : New Delhi  
Dated: 31.05.2008

# JHS Svendgaard Laboratories Limited



## ANNEXURE

Referred to in paragraph '2' of the Auditors' Report.

To the Members of NIKIVEN PERSONAL CARE PRODUCTS PRIVATE LIMITED  
on the accounts for the year ended 31st March, 2008.

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, the fixed assets have been physically verified by the management during the year in phased periodical manner having regard to the size of the company and nature of its assets.
2. The fixed assets have not been revalued during the year.
3. The physical verification has been conducted by the management at reasonable intervals in respect of finished goods and packing material.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
5. In our opinion and according to the information and explanation given to us, such valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and as on the same basis as in the proceeding year.
6. The company has taken loans from any companies, firms or other parties required to be listed in the register maintained under section 301 of the Companies Act, 1956 and/ or from the companies under the same management as defined under Sub Section (1B) of section 370 of the Companies Act, 1956. The term and conditions of loans are prima facie prejudicial to the interest of the company.
7. The company has not granted any loans to companies, firms or other parties required to be listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to the Companies under the same management as defined under Sub Section (1B) of section 370 of the Companies Act, 1956.
8. In respect of loans and advances in the nature of loans given by the company where stipulations have been made, the parties including employees are repaying the principal amount as stipulated and are also regular in payment of interest wherever applicable.
9. In our opinion, internal control procedure commensurate with the size of the company and the nature of its business for purchases of goods, stores, including fixed assets and for sale of goods is adequate..
10. According to the information and explanations given to us, the company has not entered into transactions for sale/purchase of goods which is required to be listed in the register maintained under Section 301 of the Companies Act, 1956 as aggregating during the year to Rs.50,000/- or more in respect of each party have been made at price which are reasonable having regard to prevailing market prices for such goods have been made with other parties.
11. As explained to us, the company has a regular procedure for the determination of unserviceable or damaged stores or finished goods.
12. In our opinion and accordance to the information and explanations given to us, the company has not accepted any deposits from the public to which to provisions of Sec.58A of the Companies Act, 1+956 and rules framed there under are applicable.
13. The company has no realizable by-products and scraps.
14. In our opinion, an Internal Audit System of the company is commensurate with the size of the company and nature of its business.
15. The maintenance of cost records as prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 (1 of 1956) has not been applicable to the company
16. The provisions of Provident Fund Act and the Employees State Insurance Act are not applicable to the Company.
17. As explained to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom duty and Excise duty were outstanding as at 31<sup>st</sup> March, 2008 for a period of more than six months from the date they become payable.
18. During the course of our examination of the books of account carried out in accordance with the generally accepted practices, we have not come across any personal expenses which have been charged to Profit & Loss Account nor have we been informed of such a case by the management except those expenses which were unsupported.
19. The company is not a sick industrial company within the meaning of clause (o) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
20. In respect of trading activities, in absence of adequate records the value of damaged goods has not been determined by the company and hence, not commented upon.

For L. K. KAPOOR & CO.  
Chartered Accountants

(CA. L. K. KAPOOR )  
Prop.  
Place : New Delhi  
Dated: 31.05.2008



## JHS Svendgaard Laboratories Limited

**NIKIVEN PERSONAL CARE PRODUCTS PVT. LTD.**  
(formerly known as Sunehari Dental Care Products Pvt. Ltd.)

### BALANCE SHEET AS AT 31ST MARCH, 2008.

(Amount in Rupees)

	Schedule	As At 31.3.2008	As At 31.3.2007
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	I	500,000.00	184,000.00
<b>LOAN FUNDS</b>			
Unsecured Loans	II	15,117,945.00	10,000.00
<b>TOTAL</b>		<b>15,617,945.00</b>	<b>194,000.00</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	III	13,592,500.00	9,992.00
<b>NET CURRENT ASSETS</b>			
<b>CURRENT ASSET, LOANS &amp; ADVANCES:</b>			
Inventories	IV	592,107.55	592,107.55
Sundry Debtors	V	92,666.21	92,666.21
Cash and Bank Balances	VI	658,787.60	142,597.60
Loan & Advances	VII	424,514.44	18,514.44
		1,768,075.80	845,885.80
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities & Provisions	VIII	37,239.00	19,932.00
Provisions	IX	12,500.00	5,618.00
		49,739.00	25,550.00
<b>NET CURRENT ASSETS</b>		<b>1,718,336.80</b>	<b>820,335.80</b>
<b>DEFERRED TAX ASSET</b>		58,455.00	44,656.00
<b>MISCELLANEOUS EXPENDITURE</b>	X	49,910.00	59,892.00
<b>PROFIT &amp; LOSS ACCOUNT</b>		198,743.20	142,582.20
<b>TOTAL</b>		<b>15,617,945.00</b>	<b>1,077,458.00</b>
Significant Accounting Policies & Notes on Accounts.			

Schedule I to XI from an integral part of accounts.

As per our Report of even date.  
For L. K. KAPOOR & CO.  
Chartered Accountants

On behalf of the Board of Directors  
For Nikiven Personal Care Products Pvt. Ltd.

(L. K. Kapoor )  
(CA. Lalit Kr. Kapoor )  
Prop.

(Chhabi Lal Prasad)  
Director

(H. C. Nanda)  
Director

Place : New Delhi  
Dated: 31.05.2008

# JHS Svendgaard Laboratories Limited



**NIKIVEN PERSONAL CARE PRODUCTS PVT. LTD.**  
(formerly known as Sunehari Dental Care Products Pvt. Ltd.)

## PROFIT & LOSS A/C FOR THE YEAR ENDING 31ST MARCH, 2008.

(Amount in Rupees)

PARTICULARS	Schedule	For the year ended 31.3.2008	For the year ended 31.3.2007
<b>INCOME</b>			
Other Income		4,735.00	2,350.00
	<b>Total....</b>	<b>4,735.00</b>	<b>2,350.00</b>
<b>EXPENDITURES</b>			
Rent		-	4,000.00
Fees		6,000.00	-
Filling Fees		2,000.00	-
Legal & Prof. Charges		5,992.00	10,600.00
Bank Charges		28,229.00	3,414.00
<b>Payment to Auditors:</b>			
- Audit Fees		12,500.00	5,618.00
- Income Tax		12,500.00	3,368.00
Depreciation on Fixed Assets		-	678.00
Assets Written Off		9,992.00	-
Prior Period Expenses		-	28,652.00
Preliminary Exp. W/o		7,940.00	7,940.00
Preoperative Exp. W/o		2,042.00	2,042.00
	<b>Total....</b>	<b>74,695.00</b>	<b>66,312.00</b>
Profit/Loss for the year (+/-)		<b>(69,960.00)</b>	<b>(63,962.00)</b>
Less: Provision for Deferred Tax Liability/Assets		13,799.00	7,276.00
Less: Provision for Fringe Benefit Tax		-	-
Add: Loss Brought Forward from Previous Year		(142,582.20)	(85,896.20)
Balance carried to Balance Sheet		<b>(198,743.20)</b>	<b>(142,582.20)</b>

Significant Accounting Policies & Notes on  
Accounts

XI

Schedule I to XI form an integral part of accounts.

As per our Report of even date.  
For **L. K. KAPOOR & CO.**  
Chartered Accountants

On behalf of the Board of Directors  
For **Nikiven Personal Care Products Pvt. Ltd.**

(L. K. Kapoor )  
(CA. Lalit Kr. Kapoor )  
Prop.

(Chhabi Lal Prasad)  
Director

(H. C. Nanda)  
Director

Place : New Delhi  
Dated: 31.05.2008



# JHS Svendgaard Laboratories Limited

## NIKIVEN PERSONAL CARE PRODUCTS PVT. LTD.

(formerly known as Sunehari Dental Care Products Pvt. Ltd.)

### SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS.

(Amount in Rupees)

As At 31.3.2008

As At 31.3.2007

#### SCHEDULE - I

##### SHARE CAPITAL

Authorised

20,00,000 Equity Shares of Rs.10/- each

20,000,000.00

20,000,000.00

Issued, Subscribed and Paid up:

50000 Equity Shares of Rs.10/- each

500,000.00

184,000.00

Total

500,000.00

184,000.00

#### SCHEDULE - II

##### UNSECURED LOANS

From Directors

696,732.00

10,000.00

From Holding Company

14,224,487.00

From Others

196,726.00

-

Total

15,117,945.00

10,000.00

#### SCHEDULE - III

##### FIXED ASSETS

S. No.	Nature of Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 1.4.2007	Additions during the year	Sales/Adj. during the year	As at 31.3.2008	Upto 31.03.07	For the year	Adj. during the year	On Sales/ Upto 31.3.2008	As at 31.3.2008	As at 31.3.2007
1.	Land at Kalamb *	0.00	13592500.00	0.00	13592500.00	0.00	0.00	0.00	0.00	13592500.00	0.00
2.	Furniture & Fixture (Hyd.)	12000.00	0.00	12000.00	0.00	2008.00	0.00	2008.00	0.00	0.00	9992.00
	Total	12000.00	0.00	---	0.00	2008.00	0.00	---	0.00	0.00	9992.00
	Previous Year	12000.00	0.00	---	12000.00	1330.00	678.00	---	2008.00	9992.00	10670.00

\*Note : Land is yet to be registered in the name of the company.

#### SCHEDULE - IV

##### INVENTORIES

(As taken, valued and certified by the management)

Packing Material

37,275.00

37,275.00

Trading Goods

554,832.55

554,832.55

Total

592,107.55

592,107.55

#### SCHEDULE - V

##### SUNDRY DEBTORS

(Considered Doubtful and Unsecured)

Debts outstanding for a period exceeding six months

92,666.21

92,666.21

Total

92,666.21

92,666.21

#### SCHEDULE - VI

##### CASH & BANK BALANCES

Cash on hand

404,295.00

72,795.00

Bank Balances:

With Other Banks

- In Current Account

202,540.60

22,585.60

- In FDR Account incld. Int. accrued thereon.

51,952.00

47,217.00

Total

658,787.60

142,597.60



# JHS Svendgaard Laboratories Limited



## NIKIVEN PERSONAL CARE PRODUCTS PVT. LTD.

(formerly known as Sunehari Dental Care Products Pvt. Ltd.)

### SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS.

(Amount in Rupees)

	As At 31.3.2008	As At 31.3.2007
<b>SCHEDULE - VII</b>		
<b>LOAN AND ADVANCES</b>		
Advances recoverable in cash or in kind or for which value to received	424,514.44	18,514.44
<b>Total</b>	<b>424,514.44</b>	<b>18,514.44</b>
<b>SCHEDULE - VIII</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
- for Others	34,375.00	4,000.00
Other Liabilities	2,864.00	15,932.00
<b>Total</b>	<b>37,239.00</b>	<b>19,932.00</b>
<b>SCHEDULE - IX</b>		
<b>PROVISIONS</b>		
- for Expenses	12,500.00	5,618.00
<b>Total</b>	<b>12,500.00</b>	<b>5,618.00</b>
<b>SCHEDULE - X</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Preoperative, Project & Incidental Expenditure	12252.00	
Less: Written off during the year	<u>2042.00</u>	10,210.00
Preliminary Expenses	47640.00	
Less: Written off during the year	<u>7940.00</u>	47,640.00
	<b>49,910.00</b>	<b>59,892.00</b>

As per our Report of even date.  
For L. K. KAPOOR & CO.  
Chartered Accountants

(L. K. Kapoor )  
(CA. Lalit Kr. Kapoor )  
Prop.

Place : New Delhi  
Dated: 31.05.2008

On behalf of the Board of Directors  
For Nikiven Personal Care Products Pvt. Ltd.

(Chhabi Lal Prasad)  
Director

(H. C. Nanda)  
Director



# JHS Svendgaard Laboratories Limited

## NIKIVEN PERSONAL CARE PRODUCTS PVT. LTD.

(formerly known as Sunehari Dental Care Products Pvt. Ltd.)

### Detail of Unsecured Loan as on 31.3.2008:

Sl. No.	As on 31.3.2008	As on 31.3.2007
<b>Name of Party</b>		
1 Nikhil Nanda	196,726.00	196,726.00
2 Sushma Nanda	696,732.00	696,732.00
3 Due to Holding Company (JHS Svendgaard Laboratories Ltd.)	14,224,487.00	-
<b>Total</b>	<b>15,117,945.00</b>	<b>893,458.00</b>
<b>Detail of Sundry Creditors as on 31.3.2008:</b>		
<b>Name of Party</b>		
1. Rajat Gupta	-	4,000.00
2. Sunder Singh	34,375.00	-
<b>Total</b>	<b>34,375.00</b>	<b>4,000.00</b>
<b>Detail of Other Liabilities as on 31.3.2008:</b>		
<b>Name of Party</b>		
1. L. K. Kapoor & Co., CA	2,864.00	13,332.00
2. Saria Gupta & Co., CA	-	2,600.00
<b>Total</b>	<b>2,864.00</b>	<b>15,932.00</b>
<b>Detail of Provisions for expenses as on 31.3.2008:</b>		
<b>Name of Party</b>		
1. Audit Fees Payable	12,500.00	5,618.00
<b>Total</b>	<b>12,500.00</b>	<b>5,618.00</b>
<b>Detail of Sundry Debtors as on 31.3.2008:</b>		
<b>Name of Party</b>		
1. Harsh Agencies	92,666.21	92,666.21
<b>Total</b>	<b>92,666.21</b>	<b>92,666.21</b>
<b>Detail of Bank Accounts as on 31.3.2008:</b>		
1. Bank of Punjab C/A No.1117221	147,565.60	5,070.60
2. Corporation Bank C/A No.	-	17,515.00
3. Punjab National Bank C/A No.	54,975.00	-
<b>Total</b>	<b>202,540.60</b>	<b>22,585.60</b>
<b>Detail of Advances Recoverable as on 31.3.2008:</b>		
<b>Name of Party</b>		
1. Sale Tax Refundable	16,514.44	16,514.44
2. Mercury Travels	408,000.00	-
3. Venket	-	2,000.00
<b>Total</b>	<b>424,514.44</b>	<b>18,514.44</b>

As per our Report of even date.

For L. K. KAPOOR & CO.  
Chartered Accountants

(L. K. Kapoor )  
(CA. Lalit Kr. Kapoor )  
Prop.

On behalf of the Board of Directors  
For Nikiven Personal Care Products Pvt. Ltd.

(Chhabi Lal Prasad)  
Director

(H. C. Nanda)  
Director

Place : New Delhi  
Dated: 31.05.2008

# JHS Svendgaard Laboratories Limited



**NIKIVEN PERSONAL CARE PRODUCTS PVT. LTD.**  
(formerly known as Sunehari Dental Care Products Pvt. Ltd.)

## SCHEDULE IX - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT

### Significant Accounting Policies

- Basis of Accounting**  
The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India under the historical cost convention on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956.
- Fixed assets and depreciation**  
Fixed assets are stated at cost of acquisition. Cost includes taxes, duties, freight and other incidental expenses related to acquisition. Depreciation on fixed assets is provided on Straight Line Method at the rate and in the manner Prescribed in Schedule XIV to the Companies Act, 1956.
- Inventories**  
Raw material, packing material, stores, and spares are valued at cost. Finished goods and work in progress are valued at lower of cost and net realizable value. Cost is ascertained on FIFO basis and in case of finished products and work in progress includes appropriate production overheads.
- Revenue recognition**  
Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the customer, which is generally on dispatch of goods from factory.
- Retirement benefits**  
Company's contributions to defined contribution schemes are charged to the profit and loss account on accrual basis. Provision for gratuity is based on actuarial valuation done as at the balance sheet date by independent actuaries.
- Accounting for taxes on income**  
Provision for current tax is made based on the tax payable for the year under the Income-tax Act, 1961 and based upon expected outcome of assessments and appeals.  
Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date.
- Impairment of Assets**  
An Asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Impairment Loss if any is charged to Profit & Loss A/c in the year in which impairment is identified.
- Borrowing Cost**  
Borrowing cost that is directly attributable to the acquisition or construction of qualifying assets is capitalized as part of the cost of assets. Other borrowing costs are recognized as an expense.
- Contingent Liability:**  
Un provided contingent liabilities are disclosed in the accounts by way of notes giving nature and quantity of such liabilities.

### Notes to Accounts

- Capital Commitment in respect of contracts to be executed on capital account (Net of Advances) are Rs. Nil (Previous Year Rs. Nil).
- Contingent Liabilities not provided for in respect of Claim not acknowledged as debts

	Current Year(Rs.)	Previous Year(Rs.)
Claim not acknowledged as debts	2.42 lacs	2.42 lacs
- Balance of debtors, creditors and loans and advances are subject to confirmation.
- Advances recoverable includes a sum of Rs.16514.44 ( Previous Year Rs.16514.44 ) due as sale tax refundable which is not recoverable since no claim has been made by the company for the same.
- In the opinion of the Board, the current assets, loans and advances are of the value stated if realized in ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably required.
- Section 349 of the Companies Act, 1956 is not being enumerated since no commission has been paid to the Directors and, as per Schedule XIII to the Companies Act, 1956.

	This Year	Previous Year
i) Number of Non-Resident Shareholders.	Nil	Nil
ii) Earnings/Expenditure/Remittances in Foreign Currency.	Nil	Nil
- There is no employees drawing salary in excess of provision made under section 217(2A) of the Companies Act, 1956, during the year.
- In absence of any taxable profit no provision for Income Tax has been made for the year as per the provisions of the Income Tax Act, 1961.
- Provisions of Provident Fund Act are not applicable to the Company.
- Previous year figures were regrouped/ rearranged wherever considered necessary.



## JHS Svendgaard Laboratories Limited

12. In view of losses, the Earning Per Share (EPS) is – 3.80 (Previous Year – 3.48).  
 13. The company is in process of identifying the SSI units if any included in the sundry creditors.  
 14. Quantitative and Value analysis of goods traded in and goods sold are nil, hence not provided. However, quantitative and value analysis of opening and closing stock are given as under:

Stock at Close:

Unit of Class of Goods	Measure	As at 31.3.2008		As at 31.3.2007	
		Qty.	Rs.	Qty.	Rs.
Tooth Brush – Magic	Nos.	196976	554832.55	196976	554832.55
Total			554832.55		554832.55

15. As specified in Accounting Standard 22 on “Accounting for Taxes on Income” issued by ICAI, deferred tax assets/liability (net) (+/-) arising out of Timing Differences amounting to Rs.58455.00 during the year ending on 31<sup>st</sup> March, 2008 ( Previous Year Rs.44656.00 ) has been charged from Profit & Loss Account.

The principal components of the net deferred tax Assets are as follows:

	2007-08 Rs.	2006-07 Rs.
Deferred Tax liabilities:		
Opening as on 1.4.2007	-84.00	294.00
Preliminary Expenses - Timing Difference	-3084.00	-3084.00
Depreciation - Timing Difference	0.00	-91.00
Unabsorbed Losses – Timing Difference	61623.00	47537.00
Net Deferred Tax Assets	58455.00	44656.00

### 16. Related Party Disclosures

Pursuant to Accounting Standard (AS –18) – “Related Party Disclosure” issued by ICAI following parties are to be treated as related parties along with their relationships:

#### Related party disclosure

- a. The following are the names of related parties and description of relationship:

Enterprises where control exists:

Ultimate Holding Company

1. JHS Svendgaard Laboratories Limited

Other Related Parties with whom the Company had transactions:

#### Key management personnel

- Mr. H. C. Nanda
- Mr. Sushma Nanda
- Mrs. Shyama Sundari

#### Relatives of Key management personnel

- Nikhil Nanda
- Venket

- b. The following are the volume of transactions with related parties during the year and outstanding balances as on year end disclosed in aggregate by type of related party:

(Amount in Rupees)

Transactions	31.3.2008	31.3.2007
--------------	-----------	-----------

Transactions with the Holding Company during the year

Unsecured Loan Recd. from

- JHS Svendgaard Laboratories Ltd..

14224487.00

—

- Nikhil Nada

- Sushma Nanda

# JHS Svendgaard Laboratories Limited



(Amount in Rupees)

Transactions	31.3.2008	31.3.2007	Transactions with Key
<b>Management Personnel &amp; their relatives during the year</b>			
Advances Recovered:			
- Venkat		2000.00	—
Unsecured Loan Recd. from			
- Nikhil Nada		196726.00	196726.00
- Sushma Nanda		696732.00	696732.00
<b>Balance outstanding as on March 31, 2008</b>			
- Venket (debit Balance)		—	2000.00
- JHS Svendgaard Laboratories Ltd. (Credit Balance)		14224487.00	—
No amount has been written off during the year.			

Note: Related party relationship is as identified by the company and relied upon by the auditors.

18. Schedule Nos. 1 to 11 from integral part of accounts and have been duly authenticated.

**As per our Report of even date.**  
For L. K. KAPOOR & CO.  
Chartered Accountants

(L. K. Kapoor )  
(CA. Lalit Kr. Kapoor )  
Prop.

Place : New Delhi  
Dated: 31.05.2008

**On behalf of the Board of Directors**  
For Nikiven Personal Care Products Pvt. Ltd.

(Chhabi Lal Prasad)  
Director

(H. C. Nanda)  
Director



# JHS Svendgaard Laboratories Limited

## DIRECTORS' REPORT

**To the Members of  
Jones H Smith FZE,**

Your Directors have pleasure in presenting the First Annual Report together with audited accounts of the Company for the year ended 31<sup>st</sup> March 2008.

**Financial Results:**

The Company was incorporated in December 2007 and during the financial year Company has a loss of AED 12323. The company has yet not started its operations and the loss occurring in the financial statements is the fixed expenses and the incorporations expenses only.

**Share Capital:**

During the year under review, 100000 shares were allotted to JHS Svendgaard Laboratories Limited.

**Auditors:**

"M/s. AL KTTBI & ASSOCIATES" was appointed as the Auditors of the Company.

**Auditors' report:**

The observations made by the Auditors with reference to notes on the accounts for the year under report are self-explanatory and need no further comments from the Directors.

**Deposits:**

During the year the Company has not accepted or invited any deposit from Public within the meaning of section 58A of the Companies Act, 1956 and the rules made there under.

**Acknowledgement:**

Your Directors wish to place on record their thanks for the support extended to the company by its partners, customers, dealers, suppliers, bankers, investors and other government and local or foreign authorities.

Your Directors also acknowledge the contribution made by the Company's personnel, who by dedication and drive for excellence have helped your company to move ahead.

**For & On behalf of the Board of Directors  
Jones H Smith, FZE**

**Place: New Delhi  
Date: 03/09/2008**

**Nikhil Nanda  
Director**

# JHS Svendgaard Laboratories Limited



## INDEPENDENT AUDITOR'S REPORT

To  
The Shareholder  
Jones H Smith FZE.,

We have audited the accompanying financial statements of Jones H Smith FZE - Ras Al Khaimah Free Trade Zone, United Arab Emirates, which comprise the balance sheet as at March 31, 2008 and the statements of changes in shareholder's equity, statement cash flows for the period December 10, 2007 (inception) to March 31, 2008 and a summary of significant accounting policies and other explanatory notes.

### Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the financial statements are free from material misstatement.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material mis-statement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the appropriateness of accounting principles used and reasonableness of accounting estimates made by management, as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Jones H Smith FZE -Ras AL Khaimah Free Trade Zone, Ras, AL Khaimah, United Arab Emirates** as of March 31, 2008 and of its financial performance and its cash flows for the period then ended in accordance with Generally Accepted Accounting Standards.

Also in our opinion, subject to the above, there were no contraventions during the period of the provisions of the Emiri decree dated 1/5/ 2000 issued by the ruler of Ras Al Khaimah applicable to Ras Al khaima Free Zone entities which might have materially affected the financial position of the Establishment or the result of its operations for the period.

**K. Ramu**  
**Managing Partner**  
**AL KTTBI & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
**DUBAI-UNITED ARAB EMIRATES**  
**Dated : May 31, 2008**



# JHS Svendgaard Laboratories Limited

Jones H Smith FZE

## BALANCE SHEET

As of March 31, 2008

(In United Arab Emirates Dirhams)

	Notes	2008
<b>Asset</b>		
<b>Current assets:</b>		
Cash and bank	4	102,643
Other receivables and prepayments	5	18,947
<b>Total current assets</b>		<b>121,590</b>
<b>Total assets</b>		<b>121,590</b>
<b>Liabilities and Shareholder's Equity</b>		
Shareholder's Equity		
Share capital	2	100,000
Retained earnings	6	(12,323)
Shareholder's Current Account	7	33,913
<b>Total Shareholder's Equity</b>		<b>121,590</b>
<b>Total Liabilities and Shareholder's Equity</b>		<b>121,590</b>

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

Shareholder  
Jones H. Smith FZE

## PROFIT AND LOSS ACCOUNT

For the period from December 10, 2007 (Inception) to March 31, 2008

(In United Arab Emirates Dirhams)

	Notes	2008
Administrative expenses	8	(12,323)
<b>(Loss) for the period</b>		<b>(12,323)</b>

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

Shareholder  
Jones H. Smith FZE



# JHS Svendgaard Laboratories Limited



Jones H Smith FZE

## STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY: for the period from December 10, 2007 (Inception) to March 31, 2008

(In United Arab Emirates Dirhams)

	Share capital	Retained earnings	Shareholder's current Account	Total
<b>Changes in Shareholder's Equity</b>				
Capital introduce	1000,000	-	-	100,000
Net (loss) for the period	-	(12,323)	-	(12,323)
Net movements	-	-	33,913	33,913
<b>As at March 31, 2008</b>	<b>100,000</b>	<b>(12,323)</b>	<b>33,913</b>	<b>121,590</b>

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

## Notes to the Financial Statements

For the period from December 10, 2007 (Inception) to March 31, 2008

### 1. Legal status and business activity:

- 1:1 Jones H Smith FZE., Ras Al Khaimah Free Zone-United Arab Emirates ("the Establishment") was incorporated on December 10, 2007 and operates as a Free Zone Establishment under the trade licence issued by the Ras Al Khaimah Free Zone Authority of Government of Ras Al Khaimah.
- 1:2 The main activities of the Establishment as per trade license is Trading in Perfumes, Cosmetics, beauty, personal care requisites, soap & hair care products.
- 1:3 The registered office of the Establishment is located at RAK Free Trade Zone, P.O. Box 10559, Ras Al Khaimah, United Arab Emirates.
- 1.4 The management and control is vested with Mr. Ajay Kumar Gupta.
- 1.5 These financial statements incorporate the operating result of trade licence No.3250.
- 1.6 On October 29, 2007 the Establishment got the remittance from India for incorporation expenses.

### 2. Share Capital:

The capital of the Establishment is AED 100,000 consisting of single share in the name of M/s JHS Svendgaard Laboratories Limited.

### 3. Summary of significant accounting policies:

#### Basis of Preparation :

The financial statements have been prepared in accordance general accounting practice. A summary of the significant accounting policies, which have been applied consistently, are set out below:

#### a) Accounting convention

These financial statements have been prepared under historical cost convention basis.

#### b) Property, Plant and equipment

Property, plant and equipments are stated at cost less accumulated depreciation and identified impairment loss, if any. The costs comprise of purchase price, levies, duties and any directly attributable costs of bringing the asset to its working condition. The cost of property, plant and equipment is depreciated using the straight line method.

**c) Impairment of Assets**

Property, plant and equipment are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of income.

**d) Revenue recognition**

Revenue from sale of goods shall be recognised when all the following conditions have been satisfied:

- i) The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) The amount of revenue can be measured reliably;
- iv) It is probable that the economic benefit associated with the transaction will flow to the entity; and
- v) The cost incurred or to be incurred in respect of the transaction can be measured reliably.

**e) Financial expenses**

Financial expenses are accounted in the statement of income in the period in which they are accrued.

**f) Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

**g) Foreign Currencies**

Transaction denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising are included in the statement of income.

**h) Financial Instruments**

Financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognised on the entity's balance sheet when the entity has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable or an equity instrument.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

*Trade receivables*

Sales made on credit are included in trade receivables at the balance sheet date, as reduced by appropriate allowances for estimated doubtful amounts.

*Trade payables*

Trade payables are stated at their nominal value.

**i) Cass and Cash Equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, balances with bank and deposits with banks, within a maturity date of three months or less from the date deposit, free or encumbrances.

**4. Cash and banks**

	AED
	<b>March 31,2008</b>
Bank balances	102,643
	<b>102,643</b>

The above bank balance verified with bank statement only.

**5. Other receivables and prepayments**

	AED
	<b>March 31,2008</b>
Prepayments	15,947
Deposit	3,000
	<b>18,947</b>

# JHS Svendgaard Laboratories Limited



## 6. Retained earnings

	AED
	<u>March 31, 2008</u>
Net profit for the period	(12,223)
Closing balance	<u>(12,223)</u>

## 7. Shareholder's current account (M/s. JHS Svendgaard Laboratories Limited)

	AED
	<u>March 31, 2008</u>
Movement during the period	33913
Closing balance	<u>33913</u>

## 8. Administrative expenses

	AED
	<u>December 10, 2007 to March 31, 2008</u>
Rent	4,167
Legal expenses	8,156
	<u>12323</u>

## 9. Financial instruments

Financial instruments of the Establishment comprises of cash at bank, trade receivables, other assets, trade payables.

### Credit risk

Financial assets which potentially expose the Establishment to concentration of credit risk comprise principally bank accounts, trade receivables, other receivables.

The Establishment's bank accounts are placed with high credit quality financial institution.

### Currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams

### Interest rate risk

The Establishment is not exposed to any significant interest rate risk.

## 10. Contingent liabilities & Capital commitments.

Except for ongoing business obligations, which are under normal course of business against which no loss is expected, there has been no known contingent liability or capital commitment on Establishment's account as of balance sheet date.

## 11. Comparative amounts.

This being the first year of audit from inception, no comparative figures are included in the above financial statements.



# JHS Svendgaard Laboratories Limited

**JHS Svendgaard Laboratories Limited**  
**Registered office: Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan,**  
**District-Sirmour, Himachal Pradesh-173030**

## ATTENDANCE SLIP

Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the FOURTH ANNUAL GENERAL MEETING of the Company at Trilokpur Road, Kheri (Kala-Amb), Tehsil - Nahan, District Sirmour, Himachal Pradesh- 173 030 on Tuesday, 30th day of September, 2008 at 2:00 PM.

.....  
Full Name of the Member/Proxy (in BLOCK letters)

.....  
Signatures

Folio No./ DPID- Client ID.....

NOTES: 1. Members/Proxy holder wishing to attend the meeting must bring the Attendance slip to the meeting.  
2. Members/Proxy holder desiring to attend the meeting should bring his copy of Annual Report for the reference at the meeting.

**JHS Svendgaard Laboratories Limited**  
**Registered office: Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan,**  
**District-Sirmour, Himachal Pradesh-173030**

## PROXY FORM

I/We ..... of ..... being a member/ members of the above named Company, hereby appoint..... of ..... or failing him/her ..... of ..... as my/our proxy to attend and vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company to be held on Tuesday, 30th day of September, 2008 at 2.00 PM/or at any adjournment hereof.

Signed this ..... day of .....2008.

Folio/DPID-Client ID No. ....  
No. of Shares.....

(Signature of the Shareholder)

### NOTES:

- 1) The Proxy must be deposited at the registered office of the Company not later than 48 hours before the time for holding the meeting.
- 2) Those members who have multiple folios with different joint holders may use copies of the Attendance Slip/Proxy.