

SVENDGAARD  
LABORATORIES  
LIMITED

CIN : L24230HP2004PLC027558



# **10th Annual Report**

## **2013-2014**

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## CORPORATE INFORMATION

### Members of the Board

<b>Chairman:</b>	Mr. Daljit Singh Grewal DIN 00051627
<b>Managing Director:</b>	Mr. Nikhil Nanda DIN 00051501
<b>Independent Directors:</b>	Mr. Vanamali Polavaram DIN 01292305 Mr. Chhotu Ram Sharma DIN 00522678 Mr. Amarjit Singh DIN 01244897
<b>Nominee Director:</b>	Mr. Piyush Goenka DIN 02117859

### Company Secretary & Compliance Officer.

Ms. Isha Sablok

### Registered Office

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

### Corporate Office

B-1/E-9, Mohan Co-operative Industrial Area, Mathura Road,  
New Delhi-110044  
Ph: 011-30885601/06/40  
Fax: 011-30885604

### Statutory Auditors

M/s Haribhakti & Company,  
Chartered Accountants  
42-43, Free Press House, 215,  
Nariman Point  
Mumbai 400 021  
Tel 022-56308232  
Fax 022-22876249

### Registrar and Transfer Agent

M/s Link Intime India Private Limited  
44 Community Centre, 2nd Floor Naraina Industrial Area Phase- I  
Near PVR Naraina New Delhi 110 028  
Ph: 011-41410592  
Fax: 011-41410591  
Email: delhi@linkintime.co.in

### Bankers

ICICI Bank Limited  
Bank of India

### Board Committee Details:

- Audit Committee
- Shareholders Relationship Committee
- Nomination and Remuneration Committee
- Compensation Committee

### LISTING INFORMATION:

The Company's shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Listing fees as prescribed have been paid to the respective Stock Exchanges for the financial year ended 31st March, 2014.

### STOCK CODE

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

### WEBSITE:

www.svendgaard.com

### Unit I

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

### Unit II

Jai Hanuman Exports  
H- 3, SDF, NSEZ, Noida Phase II,  
Dadri Road, Gautam Budh Nagar,  
Uttar Pradesh - 201305

## NOTICE

To The Members,

**NOTICE** is hereby given that the Tenth (10<sup>th</sup>) Annual General Meeting of the Members of **JHS SVENDGAARD LABORATORIES LIMITED** will be held on Monday, 29<sup>th</sup> December, 2014 at 10.00 a.m. at the Registered Office of the Company at Trilokpur Road, Kheri(Kala-Amb), Tehsil-Nahan District Sirmaur, Himachal Pradesh - 173030 to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Balance Sheet and Profit and Loss for the financial year ended on 31<sup>st</sup> March, 2014 together with the Directors' & Auditors Report thereon
2. To appoint a Director in place of Mr. Daljit Singh Grewal who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification (s), the following resolution for appointment and fixation of remuneration for the Statutory Auditors for the Financial Year ending on 31<sup>st</sup> March, 2015 as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and other applicable Rules framed thereunder, as amended from time to time, M/s Haribhakti & Co., Chartered Accountants (Firm Registration No. 103523W), be and is hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the eleventh (11th) Annual General Meeting of the Company, on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and relevant Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Chhotu Ram Sharma (DIN: 00522678), an Independent Director of the Company, be and is hereby re-appointed as an Independent Director of the Company not being liable to retire by rotation, to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of Annual General Meeting to be held in the calendar year 2019."

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and relevant Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Amarjit Singh (DIN: 01244897), an Independent Director of the Company, be and is hereby re-appointed as an Independent Director of the Company, not being liable to retire by rotation, to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of next Annual General Meeting to be held in the calendar year 2019."

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

**"RESOLVED THAT** in accordance with the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and the relevant Rules made thereunder, the consent of the Company be and is hereby accorded to the holding of the office of Non Executive Director in JHS Svendgaard Laboratories Limited, by Mr. Vanamali Polavaram (DIN: 01292305), Director of the Company, on such

remuneration and terms and conditions as set out in the explanatory statement attached to this notice."

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

**"RESOLVED that** pursuant to the provisions of Section 149, and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Kalyani Polavaram (holding DIN 00863486), in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Women Director, be and is hereby appointed as a Non-Executive Director of the Company whose period of office shall be liable to retire by rotation.

8. Enhancement of Authorised Share Capital: To consider and, if thought fit to pass with or without modification the following resolution as a **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, the Authorized Share Capital of the Company be and is hereby authorized to be increased from ₹ 28,00,00,000 (Rupees Twenty Eight Crores) divided into 2,80,00,000 (Two Crores Eighty Lakhs) Equity Shares of ₹ 10/- each to ₹ 50,00,00,000 (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of ₹ 10/- each by creation of additional 22,00,00,000 (Twenty Two Crores) divided into 2,20,00,000 (Two Crore Twenty Lakhs) Equity Shares of ₹ 10/- each ranking pari-passu in all respect with the existing Equity Shares and consequential amendments in the Memorandum of Association."

9. Alteration of Capital Clause contained in the Memorandum of Association: To consider and, if thought fit, to pass with or without modification the following resolution as a **Ordinary Resolution**:

**RESOLVED THAT** pursuant to the provisions of Section 13 and 61 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) Clause V of the Memorandum of Association of the Company be and is hereby amended and substituted by the following :

V "The Authorised Share Capital of the Company is ₹ 50,00,00,000/- (Rupees Fifty Crores only) divided into 5,00,00,000 (Five Crores) Equity Shares of face value of ₹ 10/- (Rupees Ten) each."

10. To consider and, if thought fit to pass, with or without modification (s) the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 42 and 62 and all other applicable provisions of the Companies Act, 2013 and Rule 14 of Companies (Prospectus and Allotment of securities) Rule 2014, if any (including any statutory modification(s) or re-enactment thereof, for the time being in force ) and enabling provisions of the Memorandum and Article of Association of the Company and the Listing Agreement entered by the company with Stock Exchange where shares of the Company listed and subject to the approval, consent, permission and/ or sanction, as may be required, of appropriate authorities, (hereinafter collectively referred to as "the appropriate authorities") and subject to the conditions as may be prescribed by any of them while granting any such approval consent, permission and/ or sanction, as may be required, (hereinafter referred to as "the requisite approvals"), and which may be agreed to by the Board of Directors of the Company (hereinafter called "the Board" which term shall be deemed to include any committee which the board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution) the Board be and is hereby authorised to create, offer, issue and allot from time to time in one or more tranches, 2,46,00,000 (Two Crore Forty Six Lakhs) Equity Shares to be subscribed by body corporates, individuals or other entities, whether or not such investors are Members of the Company, under

the Preferential Issue through offer letter and/or circular and/or information memorandum and/or such other document/ writings, in such a manner and on such terms and conditions as may be determined by the Board in its absolute discretion; provided that the price of the equity share of ₹ 10/- each being the price with respect to the Relevant Date i.e., 29<sup>th</sup> November, 2014 as prescribed under the Regulations for Preferential Issue contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 including any statutory modification or re-enactment thereof for the time being in force.

**RESOLVED FURTHER THAT** the equity shares to be so issued and allotted shall be subject the provisions of Memorandum & Articles of Association of the Company and shall rank pari-passu in all respects with the then existing equity shares of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the aforesaid Special Resolution under Section 42 and 62 of the Companies Act, 2013, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable, incidental or expedient to the issue of equity shares and listing of such equity shares with the stock exchange(s) and to resolve and settle all questions and difficulties that may arise in relation to the proposed issue, offer and allotment of any of the said equity shares, the utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors, any other Director(s), Company Secretary or other officer(s) of the Company to give effect to the aforesaid resolution."

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

**Sd/-  
Nikhil Nanda  
(Managing Director)  
DIN: 00051501**

**Place: New Delhi**

**Date: 30<sup>th</sup> May, 2014**

#### **NOTES:-**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the special businesses to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members and holding in aggregate not more than 10 percent Share capital of the Company. Members holding more than 10 percent of the total Share capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other member. The instrument appointing a proxy as per the format in the Annual Report should, however, be deposited at the registered office of the Company not later than 48 (forty eight) hours before the commencement of the meeting. Proxies submitted on behalf of Companies, societies, partnership firm, etc. must be supported by appropriate resolution / authority, as applicable, issued by the member of organization.
3. The Register of Members and Share Transfer Register of the Company shall remain closed from Saturday, 20<sup>th</sup> December, 2014 to Saturday, 27<sup>th</sup> December, 2014 (both days inclusive).

4. Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Shareholders holding shares in physical form are advised to send their nominations in respect of their shareholding.
6. The communication address of our Registrar and Share Transfer Agent (RTA) is Link Intime India Private Limited, 44 Community Centre, 2nd Floor Naraina Industrial Area, Phase- I Near PVR Naraina, New Delhi-110028
7. Members/Proxies should fill the Attendance Slip for attending the meeting and bring their Attendance Slips along with their copy of Annual Report to meeting. Member who hold share(s) in dematerialised form are requested to write their DP ID and Client ID number and those who hold share(s) in physical form are requested to write their folio number in attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
8. Pursuant to provisions of Section 205C of the Companies Act, 1956 the amount of the application moneys received by the company for allotment of securities and due for refund remaining unclaimed and unpaid for a period of seven years from the date it is lying in the escrow account, is required to be transferred to the Investor Education and Protection Fund (IEPF). Members, who have not yet encashed their application money due for refund from 17<sup>th</sup> October, 2006 onwards are requested to make their claims to the Company immediately. Members may please note that no claim shall lie either against the Fund or the Company in respect of application moneys received by company for allotment of any securities and due for refund which remain unclaimed and unpaid for a period of seven years from the date it is lying in the unpaid escrow account and no payment shall be made in respect of such claims.
9. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by Companies through electronic mode. Further, in line with circular issued by the Securities and Exchange Board of India (SEBI) and consequent changes in the listing agreement, Companies can send Annual Report in electronic mode to Members who have registered their e-mail addresses for the purpose. Members who have not registered their e-mail address with the Company can make a request to M/s. Link Intime India Private Limited / Investor Service Department of the Company. Members holding shares in demat form are requested to register their e-mail address with their Depository Participants only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form, upon request.

#### **10. Instructions for e-voting**

Pursuant to the provisions of the section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the Tenth Annual General Meeting of the JHS Svendgaard Laboratories Limited to be held on Monday 29<sup>th</sup> December 2014 at 10am at Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh- 173030. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facilities.

The e-voting facility is available at the link <https://www.evoting.nsdl.com>

The e-voting facility will be available during the following voting period:

Commencement of e-voting	Tuesday 23 <sup>rd</sup> December, 2014 at 9.00 AM
End of e-voting	Thursday 25 <sup>th</sup> December, 2014 at 6.00 PM

Please read the instructions printed overleaf before exercising the vote electronically.

These details and instructions form an integral part of the Notice of the Tenth Annual General Meeting to be held on Monday 29<sup>th</sup> December, 2014. The cut-off date for the purpose of e-voting is Friday 14<sup>th</sup> November, 2014



**The instructions for e-voting are as under:**

- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):
  - I. Open the e-mail and also open PDF file namely "JHS e-voting PDF" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
  - II. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
  - III. Click on Shareholder Login.
  - IV. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
  - V. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
  - VI. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
  - VII. Once the e-voting home page opens, click on e-voting>Active Voting Cycles.
  - VIII. Select "EVEN" (Electronic Voting Event Number) of JHS Svendgaard Laboratories Limited. Now you are ready for e-voting as Cast Vote page opens.
  - IX. Cast your vote by selecting appropriate option and click on "submit" and also "confirm" when prompted. Upon confirmation, the message "Vote cast successfully" will be displayed.
  - X. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
  - XI. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolutions/ Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [jhsscrutinizer@gmail.com](mailto:jhsscrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  - XII. In case of any queries, you may refer the Frequently Asked Questions (FAQs)- Shareholders and e-voting user manual-shareholders, available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):
  - I. initial password is provided in the EVEN (Electronic Voting Event Number), user ID and password under the instruction for e-voting printed overleaf.
  - II. Please follow all steps from Sl. No. (II) to Sl. No. (XII) Above, to cast vote.
- C. Other Instructions :
  - I. The e-voting period commences on Tuesday 23<sup>rd</sup> December 2014 and ends on Thursday 25<sup>th</sup> December, 2014 during this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on Friday 14<sup>th</sup>, November 2014 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
  - II. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on Friday 14<sup>th</sup> November, 2014.
  - III. Mr. Mohit, MOHIT & Associates (Membership No. - ACS 30192) A Practicing Company Secretary has been appointed as "Scrutinizer" to scrutinize the evoting process in a fair and transparent manner.
  - IV. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  - V. A member who is not able to participate in the general meeting personally and who is also not exercising voting through e-means cannot have the additional option of voting through postal ballot.
  - VI. The results of Voting on the resolutions set out in the Notice shall be declared on or the after the AGM. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.svendgaard.com](http://www.svendgaard.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) within two days of the passing of the resolutions at the Tenth Annual General Meeting of the Company on Monday 29<sup>th</sup> December, 2014 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the company are listed.
11. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the registered office of the company during the normal business hours (10.00 am to 5.00 pm) on all working days, up to and including the date of the AGM of the company.
12. Members who hold shares in de-materialized form are requested to bring their client ID and DP ID Nos. for easier Identification of attendance at the Meeting.
13. In all correspondence with the company members are requested to quote their Account/Folio Numbers and in case their shares are held in the de-materialized form they must quote their client ID No. and their DP ID No.
14. Members, desirous of availing electronic form of delivery of balance sheet and other related documents are requested to update their E-mail address with Registrar and Transfer Agent or with the company by a written request.
15. The investors may contact the Company Secretary for redressal of their grievances/queries. For this purpose, they may either mail their grievances/queries at the Registered office address or e-mail their grievances/queries to the Company Secretary at the following e-mail address [cs@svendgaard.com](mailto:cs@svendgaard.com).
16. As per the provision of Clause 49 of the Listing Agreement, particulars of Directors to be appointed / re-appointed at the 10<sup>th</sup> Annual General Meeting are given separately in the notice.
17. The investors may contact the Company Secretary for redressal of their grievances/queries. For this purpose, they may either mail their grievances/queries at the Registered office address or e-mail their grievances/queries to the Company Secretary at the following e-mail address: [cs@svendgaard.com](mailto:cs@svendgaard.com)

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

**Sd/-  
Nikhil Nanda  
(Managing Director)  
DIN: 00051501**

**Place: New Delhi  
Date: 30<sup>th</sup> May, 2014**

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

### Item No. 4 & 5

As per section 149(4) of the Companies Act, 2013, every Listed Company is required to have atleast 1/3rd of the total number of Directors as Independent Directors. However; the Company had already appointed Mr. Chhotu Ram Sharma and Mr. Amarjit Singh as an Independent Directors subject to retirement by rotation in the past, in terms of Companies Act, 1956 and the Listing Agreement with the stock exchanges, who are liable to retire by rotation in the ensuing annual general meeting. The Board of Directors after consideration has recommended to re-appoint the above said Directors as an Independent Directors within the meaning of section 149 and 152 of the Companies Act, 2013 read with Schedule IV and Rules made there under, not subject to retirement by rotation, for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of Annual General Meeting to be held in the calendar year 2019.

The Company has received declarations from Mr. Chhotu Ram Sharma and Mr. Amarjit Singh that they meet the criteria of independence as prescribed under section 149 (6) of the Companies Act, 2013 and also under clause 49 of the Listing Agreement with the stock exchanges. They have further confirmed that they are not disqualified from being appointed as Director under section 164 of the said Act. The Board of Directors are of the opinion that Mr. Chhotu Ram Sharma and Mr. Amarjit Singh are persons of integrity and possess relevant expertise and experience and are eligible and fulfils the conditions specified by the Companies Act, 2013 for the position of an Independent Director. The Board considers that their association as Directors will be beneficial to and in the interest of the Company.

Brief resumes of the said Directors, the nature of their expertise in specific functional areas, names of Companies in which they have held directorships, committee memberships/ chairmanships, their shareholding etc., are separately annexed hereto.

A copy of respective draft letters of appointment of Mr. Chhotu Ram Sharma and Mr. Amarjit Singh as Independent Directors setting out the terms and conditions are available for inspection at the Registered Office of the Company during business working hours.

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

### Item No.6

Mr. Vanamali Polavaram being appointed as a Non Executive Director of the Company w.e.f 29<sup>th</sup> December, 2014, who shall retire by rotation, His appointment and remuneration to be as per decided by the Board of Directors. The Board of Directors recommends the above resolution for your approval as ordinary resolution.

None of the above Directors of the Company except Mr. Vanamali Polavaram is concerned or interested in the above resolution.

### Item No. 7

Mrs. Kalyani Polavaram is being appointing as Women Director of the Company w.e.f December 29<sup>th</sup>, 2014 and designated as Non-Executive Director, who shall be liable to retire by rotation. Her appointment and remuneration is to be approved by the shareholders vide resolution passed in the meeting held on December 29<sup>th</sup>, 2014.

The Board of Directors recommends the above resolution for your approval as ordinary resolution.

None of the Directors of the Company except Mrs. Kalyani Polavaram is concerned or interested in the above resolution.

### ItemS No. 8 & 9

The Authorised Share Capital of the company as reflected in the Memorandum and Articles of Association as on date is ₹28,00,00,000/- (Rupees Twenty Eight Crores) divided into 2,80,00,000 (Rupees Two

Crores eighty lakhs ) equity shares of face value of ₹ 10/- (Rupees Ten) each. It is desirable to increase Authorised Share capital in turn to increase the paid up capital in proper ratio to accommodate proposed Preferential issue. It is therefore considered advisable to increase the Authorised Share capital of the company from ₹28,00,00,000/- (Rupees Twenty Eight Crores) to ₹ 50,00,00,000/- (Rupees Fifty Crores) by creation of addition Equity Shares of ₹ 22,00,00,000 (Rupees Twenty Two Crores) equity shares of the face value of ₹ 10 each which will rank pari-passu in all respects with the existing Equity Shares in the company. Consequent to the increase of Authorized Share Capital, the Authorised Share Capital Clause contained in Clause V of the Memorandum of Association requires alteration so as to reflect the increase in the Shares Capital.

### Item No. 10

#### Preferential Allotment:

Pursuant to the provisions of Section 42 and all other applicable provisions of the Companies Act, 2013, issue shares of the Company to persons other than the existing holders of the equity shares of a Company requires prior approval of the Shareholders in general meeting by a Special Resolution. The Listing Agreements executed by the Company with the Stock Exchanges also provide that the Company shall, in the first instance, offer all securities for subscription pro-rata to the Shareholders unless the Shareholders in a general meeting decide otherwise. In terms of Section 102 of the Companies Act, 2013 the following Explanatory Statement sets out all the material facts relating in respect of aforementioned businesses attached. Further, in terms of Regulation 73 and other applicable provisions of SEBI (ICDR) Regulations, the following disclosures are needed to be made in the Explanatory Statement to the Notice of the General Meeting:

#### I. The Objects of the issue through preferential offer:

The Company presently willing to pursue with its internal reconstruction of the Company through funding by perspective investors.

The proceeds of the preferential offer are proposed to be used to inter alia for the internal reconstruction of the Company to improve debt equity ratio of the company and growth capital requirements, to meet the Company's capital expenditure, enhance its long term resources and thereby strengthening the financial structure of the Company and for other general corporate purposes and purposes permitted by applicable laws.

#### 1. The details of the issue and other particulars as required in terms of the Preferential Issue Regulations are given as under:

- 1) **Securities to be issued:** The resolution set out in the accompanying Notice entitles the Board to issue equity shares as may be deemed appropriate in the best interest of the company.
- 2). **Lock in:** the Securities issued under the above Preferential Issue shall be locked in for a period of 1 (one) year from the date of trading approval granted for such shares, as specified in chapter VII of SEBI (ICDR) Regulations, 2009.
3. **Certification from Statutory Auditors:** The certificate of the Statutory Auditors of the Company to the effect that the present preferential offer is being made in accordance with the requirements contained in Chapter VII of the SEBI (ICDR) Regulations shall be placed before the shareholders at the meeting. As it is proposed to issue and allot the aforesaid securities on preferential allotment basis, special resolution is required to be approved by members pursuant to the provisions of Section 62 of the Companies Act, 2013, Listing Agreement and Chapter VII of the SEBI (ICDR) Regulations.
- 4) **Pricing of the Equity Shares**
  - a) **In case of Frequently traded shares:** the allotment of securities on preferential basis can be made at a price not less than higher of the following:

The average of the weekly high and low weighted average prices of the related equity shares quoted on

the recognized stock exchange during the twenty six weeks preceeding the relevant date;

Or

The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

"frequently traded shares" means shares of an issuer, in which the traded turnover on any stock exchange during the twelve calendar months preceding the relevant date, is at least ten percent of the total number of shares of such class of shares of the issuer:

Provided that where the share capital of a particular class of shares of the issuer is not identical throughout such period, the weighted average number of total shares of such class of the issuer shall present the total number of shares."

- b) **In case of Infrequently traded shares:** the price determined by the issuer shall take into the account valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies:

Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent merchant banker or an independent chartered accountant in practice having a minimum experience of ten years, to the stock exchange where the equity shares are listed.

The Relevant Date for the purpose of pricing of Equity Shares is 29<sup>th</sup> November, 2014

"Stock Exchange" for this purpose shall mean BSE Limited and NSE Limited. The shares of the company in last 26 weeks preceding the relevant date. Since, the Company's shares if will come under infrequently traded shares category, the price at which the equity shares to be issued will be determined by taking into account valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares.

Accordingly, for the proposed allotment(s) of equity shares, since, price determined as per Regulation 76 of SEBI (ICDR) Regulation, 2007 is below face value, so the price for the preferential allotment would be ₹ 10/- (Rupees Ten Only) per share. As required under the SEBI (ICDR) Regulations, wherever it is required, the Company shall re-compute the issue price mentioned above in accordance with the ICDR Regulations. Further, if the amount payable on account of the re-computation of issue price is not paid by the allottee, within the time stipulated under the ICDR Regulations, the equity shares allotted shall continue to be locked in till the time such amounts are paid by the allottee.

- 5) **Relevant Date:** The Relevant Date for the purpose of determining the price of shares in accordance with the pricing method in chapter VII of SEBI (ICDR) Regulations, 2009, is 29<sup>th</sup> November, 2014 i.e., 30 days before Annual General Meeting.

**Undertakings:**

The Issuer Company undertakes that they shall re-compute the price of the Equity Shares in terms of the provision of SEBI (ICDR) Regulation, 2009, where it is required to do so.

The Issuer Company undertakes that if the amount payable on account of the re-computation of price is not paid within the time stipulated in terms of the provisions of SEBI (ICDR) Regulations, 2009, the Equity Shares shall continue to be locked-in till the times such amount is paid by the allottees.

- 6) **Particulars of Subscriber and intention of the Promoters/Directors/key management persons to subscribe to the offer:**

Promoter are shown intend to subscribe this preferential issue and No directors/Key Management Personnel do not intend to subscribe the offer. The Details of subscribers of the said preferential issue are given as below:

S.No.	Name of the proposed allottee	Category	No. of Equity Shares	% of the post issue/ allotment
1.	Nikhil Nanda	Promoter	12,00,000	20.55
2.	Harish Chander Nanda	Promoter	12,00,000	2.50
3.	Apogee Manufacturing Private Limited	Non-Promoter	60,50,000	12.42
4.	Bharat R. Kadyam	Non-Promoter	10,00,000	2.05
5.	Mohit Burman	Non-Promoter	10,00,000	2.05
6.	Surinder Kaur	Non-Promoter	10,00,000	2.05
7.	Ashish Goel	Non-Promoter	2,00,000	0.41
8.	Paramvir Singh	Non-Promoter	2,00,000	0.41
9.	Zaki uddin Ansari	Non-Promoter	2,00,000	0.41
10.	Gopal Krishana Rawat	Non-Promoter	2,00,000	0.41
11.	Karan Mittal	Non-Promoter	3,00,000	0.61
12.	Jyoti Jahnvi Rai	Non-Promoter	55,25,000	11.34
13.	Kusum Saxena	Non-Promoter	55,25,000	11.34
14.	Advent Advisory Services Private Limited	Non-Promoter	10,00,000	2.05
<b>Total</b>			<b>24,600,000</b>	

- 7) **Under Subscription if Any:** any of the equity shares issued as above, that may remain unsubscribed for any reason whatsoever, may be offered and allotted by the Board in its absolute discretion to any other person/entity/investor within the same category/class, on the same terms and conditions.

- 8) **Shareholding Pattern** : The shareholding pattern giving pre-position as also considering full allotment of equity shares arising out of securities issued as above is given as below:

Category	Category of shareholder	Pre-Allotment		Post-Allotment (After conversion of Warrants into Equity Shares)*	
		No. of shares held	% Shareholding	No. of shares held	% Shareholding
1.	Promoter Holding	9523360	39.52	11923360	24.48
2.	Institutional Investors				
	a) Mutual Funds & UTI	—	—	—	—
	b) Banks, FI, FIs	3693588	15.33	3693588	7.59
3.	Private Corporates Bodies	1466118	6.09	8516118	17.48
4.	Indian Public	89494011	37.20	24114011	49.52
5.	NRI'S and OCB'S/trust and clearing Members	448175	1.86	448175	0.92
	<b>TOTAL (A)+(B)</b>	<b>24095252</b>	<b>100%</b>	<b>48695252</b>	<b>100%</b>

9) **Change in control:**

There shall be no change in management or control of the Company pursuant to the issue of equity shares and Warrants.

10) **Relevant Date:**

The Relevant Date as per the SEBI (ICDR) Regulations for the determination of issue price of the equity shares to be allotted is fixed as 29<sup>th</sup> November, 2014 i.e. 30 days prior to the date of shareholders meeting proposed to be held on 29<sup>th</sup> December, 2014, to approve the proposed preferential issue, in terms of Section 62 and all other applicable provisions of the Companies Act, 2013.

11) **Completion of Allotment:**

As required under the SEBI (ICDR) Regulations, the Company shall complete the allotment of equity shares as aforesaid on or before the expiry of 15 days from the date of passing of the special resolution by the shareholders granting consent for preferential issue or in the event of allotment of equity shares would require any approval(s) from any regulatory authority including the Stock Exchanges where the shares of the Company are listed or the Central Government, within 15 (fifteen) days from the date of such approval(s), as the case may be.

Your Directors, therefore, recommend the resolution for your approval.

None of the Directors, Key Managerial Personnel (KMP) of the Company and the relative of Directors and KMPs in any way concerned or interested in the above referred resolution.

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

**Sd/-  
Nikhil Nanda  
(Managing Director)  
DIN: 00051501**

**Place: New Delhi  
Date: 30<sup>th</sup> May, 2014**



## DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT IN ANNUAL GENERAL MEETING FIXED FOR 29<sup>TH</sup> DECEMBER, 2014 AS PER CLAUSE 49 OF THE LISTING AGREEMENT

Particulars	<b>Sh. Daljit Singh Grewal</b>
Date of Birth	15 <sup>th</sup> November, 1936
Date of Appointment	08 <sup>th</sup> October, 2004
Qualification	ICWAI, B.Sc
Expertise in specific functional area	He has administrative and corporate experience of 40 years to his credit and exposure in varied industries from Chemical/ Fertilizers to Coal Mining, Ship Building, and Power Transmission etc. He has served illustrious organizations such as ICI group, Hindustan Shipyard, Coal India Limited and Mukut Pipes Ltd in the capacity of Director Finance and advisor. He was the Ex - Chairman of the Punjab Chapter of the Institute of Cost and Works Accountants of India, President of All India Management Association (AIMA), Visakhapatnam and has been an active member of Haryana Chamber of Commerce and Industry, Punjab and Confederation of Indian Industries (CII), Punjab.
List of public companies in which outside directorship held	Nil
Chairman/Member of the Committee of Board of Directors of Companies	<b>Nomination &amp; Remuneration Committee</b> JHS Svendgaard Laboratories Limited
	<b>Shareholders/Investors Grievances Committee</b> JHS Svendgaard Laboratories Limited
Shareholding in the Company	1500 equity shares

### Brief Profile of Independent Directors

Name of Director	Sh. Amarjit Singh	Vanamali Polavaram	Chhotu Ram Sharma
Date of Birth	19 <sup>th</sup> August, 1963	24 <sup>th</sup> September, 1946	13 <sup>th</sup> November, 1942
Date of Appointment	14 <sup>th</sup> November, 2011	14 <sup>th</sup> November, 2011	11 <sup>th</sup> February, 2012
Qualifications	LL.B, M.B.A	IAS, MA (English), MA (Political Science), MBA	Graduate from Delhi University
Brief Resume	<p>He is a first generation technocrat and he has experience of more than 25 years in the industrial entrepreneurship and possess the ample knowledge in manufacturing activities and is man behind the vision of Intec group, the whole time director cum CEO of the Intec group and his performing ability including Strategic target, scheduling, monitoring, resource management, risk management, change in management, etc. He was awarded the "<b>Best Young Entrepreneur</b>" for the year 1999.</p> <p>Intec Appliances Private Limited Amargun Overseas Private Limited; A G Aerovision Electronics private Limited; Intec Electricals Private Limited</p>	<p>Mr. P. Vanamali, Independent Director, (IAS Retired) aged 67 years, is a M.A. (English) M.A. (Political Science), MBA. He retired as a resident commissioner, government of West Bengal. He worked with the State Government of West Bengal and Government of India on various positions. He has administration experience of over 30 years to his credit</p>	<p>Mr. C.R. Sharman aged 69 years; a graduated from Delhi University, a banker profession has experience of over 45 years in the Banking industry. He started his career with Citi Bank, then known as First National Bank of New York in 1964 after serving there for 13 years he joined Oriental Bank of Commerce in 1978 and worked in the various capacities for over 23 years. He assumed charge as Executive Director of Andhra Bank upon appointment by the Government in 2000 and served for about two years. In 2002 took charge as Managing Director and CEO of the Bank of Punjab Ltd., (private sector Bank) where he continued till the merger of the bank with Centurion Bank of Punjab in October 2005. Mr. Sharma was reappointed with the merged bank as Senior Advisor to the MD/CEO where he continued till March 2008. Mr. Sharma is now managing his own consultancy work besides Independent director and Advisor in some other companies. During 2002 to 2004 he was a member of the Managing Committee of Indian Bank Association representing private sector banks. During long service with foreign, public and private sector banks, widely travelled and have attend several prestigious seminars, training course including Citibank's training college at Lebanon, and at the University of Washington, Seattle USA for two months each respectively.</p> <p>Mr. C.R. Sharma possesses a wide ranging experience and knowledge of banking and finance having been associated with reputed banks.</p>
Expertise in specific Functional Area	NIL	Technical Guidance in Administration	Financial Guidance in Company Operations

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

Sd/-  
**Nikhil Nanda**  
(Managing Director)  
DIN: 00051501

Place: New Delhi  
Date: 30<sup>th</sup> May, 2014

## DIRECTORS' REPORT

Dear Shareholders,

**To**  
**The Members**  
**JHS Svendgaard Laboratories Limited**

Your Directors are pleased to present Tenth Annual Report and the Statements of Accounts for the financial year ended on 31<sup>st</sup> March, 2014.

### FINANCIAL PERFORMANCE SUMMARY:

The Financial highlights of the Company are given below: -

(Amount in ₹ Lac)

Particulars	Standalone		Consolidated	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Net Sales/Income from Operations	3,527.96	5,605.72	3,527.96	5,959.09
Other Income	380.84	902.62	380.84	404.93
Interest & Finance Charges	1,406.99	1,034.08	1,407.03	1,034.34
Depreciation	1,469.91	1,361.88	1,470.57	1,362.54
Profit/(Loss) before Tax	(3,528.35)	13.84	(3,529.74)	30.96
Provision for Tax	(648.77)	407.09	(648.77)	407.09
Profit/(loss) after Tax	(2,879.58)	(420.93)	(2,880.97)	376.13
Profit/(loss) to be carried to the Balance Sheet	(2,879.58)	(420.93)	(2,880.97)	(376.13)
Paid up Equity Share Capital (Face Value of ₹10/- each)	2,409.53	2,409.53	2,409.53	2,409.53
Reserves excluding revaluation reserves	2,076.12	4,955.70	3,781.86	6,512.45
Basic EPS (in Rupees not annualized) Excluding extra ordinary items	(11.95)	(5.23)	(11.95)	(5.06)
Diluted EPS (in Rupees not annualized) Excluding extra ordinary items.	(11.95)	(5.23)	(11.95)	(5.04)

### DIVIDEND

Considering the Company's financial performance, the Directors have not recommended any dividend for the financial year ended on 31<sup>st</sup> March, 2014.

### INCREASE IN SHARE CAPITAL:

There has been no increase in the Share Capital of the Company. As on 31<sup>st</sup> March, 2014, the Issued and Paid-Up Share Capital of the Company was ₹ 2409.52 Lakhs comprising 2,40,95,252 Equity Shares of ₹ 10/- each fully paid-up.

### PERFORMANCE REVIEW:

The turnover from the operations of the Company during the financial year ended 31<sup>st</sup> March, 2014 amounted to ₹ 353 Million as compared to ₹ 561 Million during the previous year ended 31<sup>st</sup> March, 2013. The turnover of the Company has decreased by 37.08% from the previous year mainly on account of wrongful termination of contract by one of our key customer of the Company and due to loss of job work income.

However the turnover from toothbrush business during the financial year ended 31<sup>st</sup> of March, 2014 has increase by 37.4% from 230 million in 2013 to 316 million in 2014

### EMPLOYEE STOCK OPTION PLAN 2008:

To motivate and retain the efficient employees, the Company has introduced employee stock option plan 2008. As on date no option is vested on any employee, therefore no option is in existence till date. The details regarding options granted; the pricing formula; options vested; options exercised; the total number of shares arising as a result of exercise of option and other details as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 are not reproduced since no ESOP has been exercised by the Employees and the relevant details are hence not available. Requisite information is given in the statements placed at Annexure "A".

### RECOGNITION/AWARD:

Your Company won certificate of excellence in recognition from the council of the Plastics Export Promotion, Ministry of Commerce and Industry, Government of India, the second best Exporter of toothbrush and toothpaste, incl. dental plate brushes and has been awarded as the Highest Recognition for Export for the year 2011-2012 on December 20<sup>th</sup>, 2013.

### DIRECTORS:

#### Appointments/ Re-appointment:

Mr. Daljit Singh Grewal (DIN 00051627), Director of the Company, liable to retire by rotation at the forthcoming Annual General Meeting on 29<sup>th</sup> December, 2014 and being eligible, offer himself for re-appointment.

Mr. Chhotu Ram Sharma (DIN: 00522678), Mr. Vanamali Polavaram (DIN: 01292305) and Mr. Amarjit Singh (DIN: 01244897), Non-Executive Independent Director of the Company, be and is hereby reappointed as a Non-Executive Independent Director of the Company, not subject to retirement by rotation, to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of Annual General Meeting of the Company to be held in the calendar year 2019."

Necessary resolutions for re-appointment of Mr. Daljit Singh Grewal and appointment of Mr. Chhotu Ram Sharma, Mr. Vanamali Polavaram and Mr. Amarjit Singh on 29<sup>th</sup> December, 2014 are being included in the notice convening Annual General Meeting.

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

### AUDITORS:

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

The Company has received letter from the Statutory Auditor that their reappointment, if made, would be within the prescribed limits under Section 139 of the Companies Act, 2013 and that they are not disqualified for reappointment within the meaning of Section 141 of the said Act.

### Qualifications and response to Auditor's Report:

#### Going Concern

*The accompanying consolidated financial statements for the year ended March 31<sup>st</sup>, 2014 have been prepared assuming that the company will continue as Going Concern. However the company has been incurring operating and cash losses, has defaulted in repayment of loans & interest due to banks, there have delay in payment of Statutory dues, salaries to employees & payment to vendor & has negative working capital. Further there has been termination of Contract by a major customer of the company resulting in idle fixed assets. Such factors create substantial doubts about the ability of the company to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of such uncertainty.*

- During the period under review there has been a cash loss situation in the company, as one of the major customer of the company have wrongfully decided to not renew / terminate the contracts across all the business segments which has resulted in huge business loss. However, in order to safeguard the value of our shareholders the company is pursuing litigation against these arbitrary and unjust acts of the multinational company which involves huge litigation costs as well, although on a temporary basis only. Nevertheless to bring back the value to its shareholders the company is growing its tooth brush and tooth paste business by focusing on the other giants in the FMCG market and have recently launched its own brand as well to cover its operating losses.

As far as the dues towards the bank payments is considered the same is being defaulted primarily because of the above stated problem although the company has apprised the situation to its bankers and is in talks for the settlement of the outstanding loans which is a prerequisite to make the entire business plan independently viable.

Further regarding the delays in the clearance of statutory dues, the same has occurred due to the cash flow situation which has been caused because of the above stated issues. However as on date all the accrued statutory dues are clear.

Hence the management is striving to put the house in order, with its efforts it should be able to revive the company and may come out of this crisis situation. Thereon the management is of the view that there should not be any uncertainty regarding the Going Concern Issue.

#### Confirmations

*The confirmations from the some of the legal counsel engaged by the company in connection with matter related to indirect Tax & other Matters including cases filed against the company were not available for our verification. Accordingly we are unable to comment on outcome of such matter & consequential impact if any on the reported amount of contingent liabilities & necessity of any provision required to be recorded.*

*Trade payable balance amounting to ₹2,39,78,283/- due to Nine Parties are subject to confirmation & reconciliation if any and accordingly we were unable to confirm or verify by alternative means such trade payables included in the balance sheet as at 31<sup>st</sup> March, 2014.*

- The company has sent the requisite confirmation letters to all its legal counsels who were handling the matters for Indirect tax & any other legal matter; to which some of the counsels have responded with delay. However, the company confirms that the matters connected with such counsels does not require any provisions and neither there are any contingent liabilities to arise out of such matters over and above what is already reported.

Further regarding the confirmation from nine parties regarding the trade payables balance of ₹ 2,39,78,283 from whom the

confirmations were not received are regular business vendors with which company deals on a regular basis. Hence difference if any shall be of miniscule amount which should be cleared on reconciliation. Although to update some of the vendors have provided the balance confirmation after the cut off date.

#### Impairment of assets-AS 28

*During the earlier years the company has acquired substantial Tangible fixed assets to carry out contract manufacturing for a major customer. Such major customer has terminated the contract resulting in some idle fixed assets. This and other internal factors indicate that the part of tangible fixed assets comprising plant & Machinery which have carried in the books at a written down value of ₹ 35,43,87,177/- (PY ₹ 38,81,69,870/-) may be impaired however the management has not carried out any testing for impairment as required by AS-28, accordingly we are unable to comment on the necessity or otherwise to provide for an Impairment loss in respect of these tangible assets as required by AS 28. The effect of the non provision of the impairment loss on assets, if any, cannot be quantified.*

- During the period under review one of the major customer of the company have wrongfully decided to not renew / terminate the contracts across all the business segments due to which certain assets got idle. However, in order to safeguard the value of our shareholders the company is pursuing litigation and has sought specific performance of the contract as well against these arbitrary and unjust acts of the multinational company. Hence, as the matter is sub-judice the management cannot even consider the impairment. Although the company is also growing its tooth brush and tooth paste business by focusing on the other giants in the FMCG market and have recently launched its own brand as well in order to utilize the assets.

#### Caro Qualifications

- (a) The company has maintained proper records showing full particulars, including quantitative details *except for situation of fixed assets.*

**In this reference the board hereby submits that company has taken note of the same & the company has updated the Fixed assets register with reference to situation of fixed assets.**

- (b) *In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions for loans granted to Number One Real Estate Private Limited and JHS Svendgaard Dental care Limited (fully Provide for in books of Company) are prejudicial to the interest of the company. The rate of interest and other terms and conditions of loans granted to JHS Svendgaard Mechanical And Warehouse Private Limited and are prima facie not prejudicial to the interest of the company.*
- (c) *In our opinion and according to the information and explanation given to us, in respect of the interest free loan granted to JHS Svendgaard Dental Care Limited and Number One Real Estate Private limited, the terms of repayment of principal are not stipulated. Accordingly, we are unable to comment on regularity of the same. The interest free loan granted to JHS Svendgaard Mechanical and Ware house Private Limited is not yet due for receipt as per the terms of agreement.*
- (d) *In the absence of repayment schedule for JHS svendgaard Dental Care Limited and Number One Real Estate Private limited, we are unable to comment on whether the amount in overdue as at the balance sheet date. In case of loan granted to JHS SVENDGAARD Mechanical and Warehouse Private Limited no Amount is overdue on the Balance Sheet date.*

**For Point no. 1, 2 3, regarding the Loan granted to Number One Real Estate above the Board hereby submit that during the FY 2013-14 No Loan was given to Number**

One Real Estate Private limited , the balance of outstanding loan were transferred at the time merger of JHS Svendgaard Hygiene Products Limited & wave Hygiene products.

For the Loan given to JHS Svendgaard Dental Care Limited the board hereby submit that the JHS Dental care Private limited is the subsidiary of our company , which is currently having no income , just to meet the Minimum Operational expenses the Funds were given . The Whole loan amount given to JHS Svendgaard Dental care Pvt. Ltd. is already provided in books.

- (e) In our opinion, Loan taken from Nikhil Nanda is interest free and as explained, repayment of loan has not been demanded. *In the absence of any agreement with the two parties, we are unable to comment on the regularity of repayment of principal amount and interest thereon.*

- ii) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase fixed assets and with regard to the sale of goods and services.

*In our opinion and according to the information and explanations given to us, the internal control system with regard to purchase of inventory needs to be strengthened to be commensurate with the size of the company and the nature of its business.*

**The Board Member has taken the note of the same and members had already initiated the steps to strengthen the system of internal control and establish a defined process to overcome the weakness in respect to purchase of Inventory.**

- (iii) *The system of internal audit of the company needs to be strengthened commensurate to the size and nature of its business.*

**In this reference the board hereby submits that the company has taken the note of the same to improve the Internal Audit system which is adequate to the size & nature of its Business.**

- (iv) (a) *Undisputed statutory dues including provident fund, employees' state insurance and tax deducted at source have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases. The company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, sales tax and excise duty.*

**In this reference the Board hereby submit that such non-deposit of due was unintentional and reason for such late deposit was that in one of the unit -Wave Hygiene Products the PF & ESI account number were allotted in May , 2014 , hence the same were deposited immediately after the allotment of PF& ESI account Number. With Regard to the delay in deposit of Statutory Dues of Other Units the Board hereby submits that your company is likely to avoid this for the time to come.**

- (v) *In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues to financial institutions and banks. Details of such defaults are reported as under. There were no dues to debenture holders.*

Name of bank	Type of facility	Principal due (Amount in ₹)	Interest due (amount in ₹)	Period of default	Date of rectifying the default
ICICI and Bank of India	Foreign currency loan from banks - External Commercial borrowings (ECB)	481,367,332	155,650,408	Various Dates in FY 2012-13 and FY 2013-14	Still Continuing

**The Board hereby submits that due to the Wrong termination of the Contract by one of the Key customer of the company the major portion of the revenue of the company decreased due to which the company has come under deep cash crisis situation, which resulted in Nonpayment of dues of the Banks. However, In order to safeguard the value of our shareholders**

**the company is pursuing litigation against this arbitrary & unjust act of the multinational company.**

- (vi) *According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the company has applied funds raised on short terms basis for long term investment amounting to ₹ 507,652,838.*

**The board hereby submits that all the funds has been used only for the Business of the company, however Board hereby submits that your company is likely to avoid this for the time to come.**

#### LISTING:

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

#### SUBSIDIARY COMPANIES:

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

**M/s JHS Svendgaard Dental Care Limited** was incorporated as a Subsidiary Company in the month of April 2008. Presently your Company holds 95.12% of total paid up share capital of the Subsidiary Company.

**M/s JHS Svendgaard Mechanical and Warehouse Private Limited** has become subsidiary of your company w.e.f 21<sup>st</sup> June, 2012. Presently your Company holds 99.99% of total paid up share capital of the Subsidiary Company.

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

#### PARTICULARS OF EMPLOYEES:

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

#### ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

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

#### CORPORATE GOVERNANCE:

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

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

#### DEPOSITS

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

#### DIRECTOR'S RESPONSIBILITY STATEMENT:

**The Directors confirm that:**

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;



- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- they have taken proper and sufficient care 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; and

#### INDUSTRIAL RELATIONS:

Your Company has taken significant steps in developing human resource and strengthening human resource systems. During the year under review, industrial relation in the Company continues to be cordial and peaceful. As on 31<sup>st</sup> March, 2014, in all there were 176 employees on the roll of the Company. Out of these, 101 were at the executive level and the remaining 72 were in non-executive level. Apart from them, the workers have been appointed through Contractors.

#### FOREIGN EXCHANGE EARNING AND OUTGO

Activities Relating to Exports, Initiatives taken to increase exports, Development of new export markets for products and services & export Plan

As a part of its core strategy, the Company is focusing on exports of its products by leveraging wide marketing reach.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

(Amount in ₹)

Particulars	2013-14	2012-13
Foreign Exchange Outgo	—	—
Travelling	1,52,028	14,13,635
Raw Material	6,01,962	71,41,276
Finished Goods	—	—
Capital Goods	3,59,450	9,94,01,073
Foreign Exchange Earnings	—	—
Earnings in Foreign Exchange	—	6,20,29,043

#### DISCLOSURES OF ACCOUNTING TREATMENT:

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

preparation of the financial statements are consistent with those followed in the previous year.

#### VIGIL MECANISM/WHISTLE BLOWER POLICY

Pursuant to the clause 49 of the Listing Agreement and as per applicable provisions of Section 177 of the Companies Act, 2013 the Company has adopted a Whistle Blower Policy/Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. Such Vigil Mechanism shall provide for adequate safeguard against victimization of directors and employees who avail of such mechanism. The policy has been put on the Company's website [www.svendgaard .com](http://www.svendgaard.com)

#### 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 adds 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.

#### ACKNOWLEDGEMENT:

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

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

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

Sd/- (Nikhil Nanda) Managing Director DIN- 00051501	Sd/- (Vanamali Polavaram) Director DIN- 01292305
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Place: New Delhi  
Date: 30<sup>th</sup> May, 2014

## CORPORATE GOVERNANCE REPORT

(For the Financial Year 2013-14)

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

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

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

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

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

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

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

The Company's Corporate Governance practice includes:

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

### DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS:

The Name and categories of the Directors on the Board, their attendance at Board Meetings during the year and the number of Directorship and chairmanships/memberships of committee of each Director held in other public companies and Attendance at last Annual General Meeting are shown below in Table 1.1:

Name of Director	Category	Board Meetings attended	Attendance at the Last AGM	Directorship in other Cos.	Committee positions held in other Cos.	
					Chairman	Member
D. S. Grewal	Chairman (Non- Executive)	2	Yes	Nil	Nil	Nil
Nikhil Nanda	Managing Director	4	Yes	3	Nil	Nil
P Vanamali	Independent Director	4	No	3	Nil	Nil
Chhotu Ram Sharma	Independent Director	4	No	3	1	2
Amarjit Singh	Independent Director	2	No	5	Nil	Nil
Piyush Goenka	Nominee Director	1	No	1	Nil	1
Rakesh Sharma	Non Executive Director	2	Yes	Nil	Nil	Nil

Other than Mr. Nikhil Nanda who holds 88,10,774 shares and Mr. D.S. Grewal who holds 1,500 shares no other Director holds any shares in the Company.

Mr. Rakesh Sharma, Non Executive Director, resigned from the Directorship w.e.f 24<sup>th</sup> of September, 2013.

Mr. Ravi Gupta, Additional Director, resigned from the Directorship on 4<sup>th</sup> of March, 2014.

The Board of your company is presented with detailed notes along with the agenda papers, well in advance of the meeting.

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

### BOARD OF DIRECTORS

The Board of Directors of JHS Svendgaard Laboratories Limited (herein referred as the Company) provides leadership and guidance to the Company's management and has a mix of skills and experience working together as a team encouraging diverse and healthy debate in the interest of the Company and all its shareholders. The Board provides and evaluates the strategic direction of the Company, formulates and reviews the management policies, serves and protects the overall interest of Shareholders to ensure long term value creation for Stakeholders.

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

### COMPOSITION OF THE BOARD:

The size and composition of the Board of Directors suffices the requirement of Listing Agreement. The Company's Board comprises of six Directors, Mr. Daljit Singh Grewal, Chairman (Non-Executive) and Mr. Nikhil Nanda, Managing Director are the two promoter Directors, there are three Non-Executive independent director, viz., Mr. Polavaram, Mr. Chhotu Ram Sharma, Mr. Amarjit Singh. Mr. Piyush Goenka is the nominee director on the Board. All the Independent Directors meet the independence criteria as required under Clause 49 of the Listing Agreement. Table 1.1 gives the composition of the Board of Directors of the Company with the details of the number of meetings attended by them, the Directorship and membership in other companies.

### DATE OF BOARD MEETINGS:

Minimum four Board meetings are held every year. Additional meetings are held to address specific needs of the Company. In case of any exigency/ emergency, resolutions are passed by circulation. The Board of Directors met five times during the year on 27<sup>th</sup> May 2013, 14<sup>th</sup> August 2013, 12<sup>th</sup> November 2013, 28<sup>th</sup> December 2013 and 12<sup>th</sup> February 2014. The maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

The necessary quorum was present for all the meetings.

## INDEPENDENT DIRECTOR

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

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

## COMMITTEES OF THE BOARD

The Board has constituted Four (4) Committees to focus effectively on the issues and ensure expedient resolution for diverse matters namely:

- Audit Committee
- Shareholders/Investors Grievance Committee - Reconstituted and renamed as "Stakeholder Relationship Committee"
- Remuneration Committee - Reconstituted and renamed as "Nomination and Remuneration Committee"
- Compensation Committee.

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

### AUDIT COMMITTEE

The Company's Audit Committee comprises of three members, out of whom two are Independent Non-Executive Directors and one is Executive Director. During the year under review total 4 (four) meetings of Audit Committee were held on 27<sup>th</sup> May, 2013; 14<sup>th</sup> August, 2013; 12<sup>th</sup> November, 2013 and 12<sup>th</sup> February, 2014.

Table 1.2 gives the constitution and attendance record

Name of the Member	Category	No of Meetings Held	No of Meetings Attended
Mr. Nikhil Nanda	Executive	4	4
Mr. Vanamali Polavaram	Independent	4	4
*Mr. Chhotu Ram Sharma	Independent	4	4

\* Mr Rakesh Sharma, Non Executive Director, resigned from the position of Directorship w.e.f 23<sup>rd</sup> September, 2013.

\*\* Mr. Akhilesh Kumar Singh, Secretary of the Committee resigned w.e.f. 21<sup>st</sup> April, 2014 and Ms Isha Sablok, Company Secretary, is the Secretary of the Committee w.e.f 30<sup>th</sup> May, 2014.

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

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

#### • STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of two Non-Executive Directors and one independent director. Mr. D.S. Grewal acts as the Chairman of the Committee. During the year 2013-14 only one meeting was held.

Table 1.3 Shows the Constitution of the committee:-

Name of the Member	Status
Daljit Singh Grewal	Member

Mr P. Vanamali and Mr. Nikhil Nanda become the member of the committee held on 30<sup>th</sup> May, 2014

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

Mr Rakesh Sharma, Non Executive Director, resigned from the position w.e.f 23<sup>rd</sup> September, 2013.

Number of complaints regarding shares for the financial year ended 31<sup>st</sup> March, 2014 is enumerated below in Table 1.4

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

#### • NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee comprises of one Non-executive Directors and two independent directors, P. Vanamali acts as Chairman of the Committee. During the year under review no meeting of Remuneration Committee was held.

Table 1.5 gives the composition

Name of the Member	Status
Daljit Singh Grewal	Member
Vanamali Polavaram	Chairman

Mr Rakesh Sharma, Non Executive Director, resigned from the position w.e.f 23<sup>rd</sup> September, 2013.

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

#### REMUNERATION OF DIRECTORS

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

Table 1.6 illustrates details of remuneration paid to the Directors of the Company during the year ended 31<sup>st</sup> March, 2014:

Particulars	(₹ In Lakhs)
Salary	24.00
Sitting Fees	1.46
Other Perquisites/Benefits	Nil
<b>Total</b>	<b>25.46</b>

#### • COMPENSATION COMMITTEE:

The Compensation Committee comprises of one Non-executive Director and one Executive Director. Mr. Nikhil Nanda, Executive Director acts as Chairman of the Committee. No Meeting was held during the Financial Year 2013-14.

Table 1.7 demonstrates the constitution of the committee: -

Name of the Member	Status
Nikhil Nanda	Chairman
Vanamali Polavaram	Member

Mr Rakesh Sharma, Non Executive Director, resigned from the position w.e.f 23<sup>rd</sup> September, 2013.

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



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

The last three Annual General Meetings of the Company were held as under in Table 1.8

Year	Venue	Date	Time	Special Resolution
2012-13	Trilokpur Road, Kheri (Kala-Amb), Tehsil - Nahan, District Sirmour, Himachal Pradesh - 173030	24.09.2013	10.00 AM	No Special resolution passed
2011-12	Trilokpur Road, Kheri (Kala-Amb), Tehsil - Nahan, District Sirmour, Himachal Pradesh - 173030	06.09.2012	10.00 AM	Special resolution was passed for increase in remuneration of Mr. Nikhil Nanda, Managing Director of the Company
2010-11	Trilokpur Road, Kheri (Kala-Amb), Tehsil - Nahan, District Sirmour, Himachal Pradesh - 173030	31.12.2011	10.00 AM	No Special resolution passed

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

**b) Extra-Ordinary General Meeting**

Year	Venue	Date	Time	Special Resolution
2013	Trilokpur Road, Kheri (Kala-Amb), Tehsil - Nahan, District Sirmour, Himachal Pradesh - 173030	25.04.2013	10.00 AM	Special resolution was passed for Utilization of Security Premium account against bad debts

**ROLE OF THE COMPANY SECRETARY**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and Senior Management for effective decision-making at the meetings. There is complete transparency in the working of the Secretarial department and all the Directors have access to the advice and services of the Company Secretary. The Secretarial Standards issued by the ICSI are followed on all important aspects of the Secretarial work. The provisions of the Companies Act, 2013, the Listing Agreement, various SEBI guidelines including The Substantial Acquisition of Shares and Takeovers Regulations, 2011 and The Prohibition of Insider Trading Regulations, 1992 and all other applicable Laws and Regulations in this regard are completely adhered to.

**DISCLOSURES**
**• RELATED PARTY TRANSACTIONS:**

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

**• DETAILS OF NON-COMPLIANCE:**

The Company has complied with the requirements of regulatory authorities in the capital markets and no penalty/stricture was imposed on the Company during the last three years.

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

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

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

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

**• CEO/ CFO CERTIFICATION:**

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

**CODE FOR PREVENTION OF INSIDER TRADING PRACTICES**

In accordance with the guidelines specified under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has formulated a comprehensive Code of Conduct for Prevention of Insider Trading ("the Code") to its management staff. The Company Secretary is the compliance officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the prevention.

## CODE OF CONDUCT

The Company has adopted a Code of Conduct for all its Directors and employees. This Code of Conduct has been communicated to all of them. The Code of Conduct has also been put on the Company's website i.e [www.svendgaard.com](http://www.svendgaard.com)

## DISCLOSURES OF ACCOUNTING TREATMENT:

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

## TRAINING OF DIRECTORS

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

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

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

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

## MEANS OF COMMUNICATION:

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

## SUBSIDIARY COMPANIES

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

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

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

## GENERAL SHAREHOLDER INFORMATION

### • COMPANY'S WEBSITE:

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

### • ENSUING ANNUAL GENERAL MEETING

Date of the AGM: : Monday, 29<sup>th</sup> December, 2014  
 Time of the AGM : 10.00 AM  
 Venue of the AGM : Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030

### • FINANCIAL CALENDAR

Financial year: 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014

For the year ended 31<sup>st</sup> March, 2014 results were announced on:

- 14<sup>th</sup> August, 2013: First quarter
- 12<sup>th</sup> November, 2013: Half year
- 12<sup>th</sup> February, 2014: Third quarter
- 30<sup>th</sup> May, 2014: Annual

- BOOK CLOSURE**

The books will be closed from 20<sup>th</sup> December, 2014 to 27<sup>th</sup> December, 2014 (Both days inclusive) as annual book closure for the Annual General Meeting.

- LISTING INFORMATION:**

The Company's shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Listing fees as prescribed have been paid to the respective Stock Exchanges for the financial year ended 31<sup>st</sup> March, 2014.

- STOCK CODE**

Bombay Stock Exchange Limited: 532771

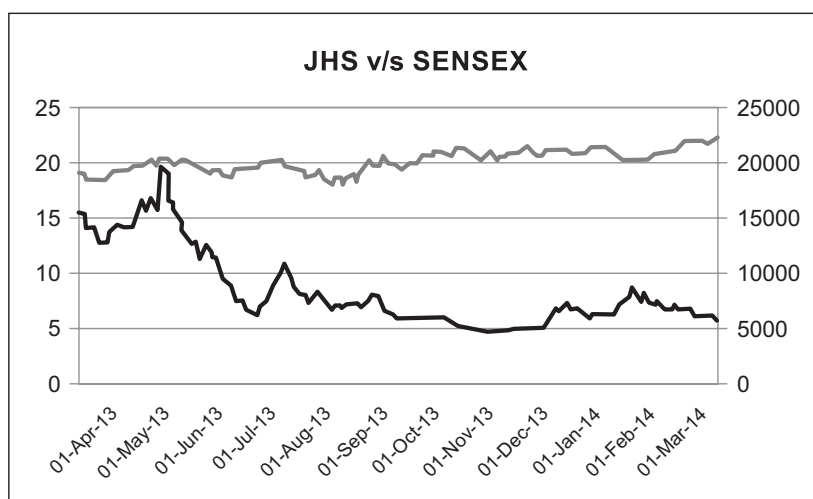
National Stock Exchange of India Limited: JHS

ISIN Code: INE544H01014

- MARKET PRICE DATA**

Tables 1.9 respectively give the monthly high and low prices and volumes of equity shares of the Company at BSE and the NSE for the year ended 31<sup>st</sup> March, 2014. Chart A compares the Company's share price at the BSE versus the Sensex.

S. No.	Month	NSE		BSE	
		High	Low	High	Low
1.	April - 13	16.45	12.25	16.35	12.16
2.	May - 13	23.20	12.80	23.41	12.83
3.	June - 13	12.75	7.70	13.35	7.50
4.	July - 13	10.90	6.00	11.39	5.97
5.	August - 13	8.90	6.40	8.44	6.35
6.	September - 13	8.25	5.75	8.80	5.80
7.	October - 13	6.30	5.15	6.42	5.15
8.	November - 13	5.40	4.45	5.49	4.35
9.	December - 13	7.05	4.70	7.17	4.62
10.	January - 14	7.60	5.90	7.49	5.79
11.	February - 14	9.05	6.50	9.05	6.50
12.	March - 14	7.10	5.60	7.13	5.57



- REGISTRARS AND TRANSFER AGENTS**

Name and Address: M/s Link Intime India Private Limited  
44 Community Centre, 2nd Floor Naraina  
Industrial Area Phase- I Near PVR Naraina New Delhi 110 028

Telephone: Ph: 011-41410592

Fax: 011-41410591

Email: delhi@linkintime.co.in

## • SHARE TRANSFER SYSTEM

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

## • SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH 2014

Category	No of Shares	% of Holding
<b>Promoters Shareholding</b>	<b>9524060</b>	<b>39.53</b>
<b>Non-promoters holding</b>		
Mutual funds and UTI	NIL	NIL
Banks, Financial Institutions, Insurance Companies ,Clearing Member	NIL	NIL
Foreign institutional investor	193589	0.80
Foreign Venture Capital Investor	3499999	14.53
Bodies Corporate	1232010	5.11
India Public	9309102	38.64
Non resident Indians	234372	0.97
Trusts	5500	0.02
<b>Grand Total</b>	<b>24095252</b>	<b>100</b>

## • DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2014

Share holding of nominal value (₹)	Share Holders		Share Amount	
	Number	% to total	Shares	% to total
(1)	(2)	(3)	(4)	(5)
Upto 500	6931	74.1046	1204860	5.0000
501-1000	1123	12.0068	938625	3.8955
1001-2000	607	6.4899	958590	3.9783
2001-3000	210	2.2453	542491	2.2514
3001-4000	97	1.0371	351923	1.4605
4001-5000	89	0.9516	425856	1.7674
5001-10000	160	1.7107	1188278	4.9316
10001 and above	136	1.4541	18484629	76.7148
<b>Total</b>	<b>9353</b>	<b>100</b>	<b>24095252</b>	<b>100</b>

## • DEMATERIALIZATION OF SHARES

The equity shares of your Company are under compulsory dematerialization mode as on 31<sup>st</sup> March, 2014. 99.93 % of shares of the Company are dematerialized as on 31<sup>st</sup> March, 2014. Trading in Equity shares of the Company is permitted only in demat mode. The Equity shares of your company are frequently traded.

## • OUTSTANDING GDRS/ ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS

There were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments as at the end of the financial year ended on 31<sup>st</sup> March 2014.

## • PLANT LOCATIONS

### i) Himachal Pradesh

Trilokpur Road, Kheri Kala-Amb,  
Tehsil - Nahan, Distt: Sirmaur,  
Himachal Pradesh-173030

### ii) Noida

Jai Hanuman Exports  
H- 3, SDF, NSEZ, Noida Phase II,  
Dadri Road, Gautam Budh Nagar,  
Uttar Pradesh - 201305





- **ADDRESS FOR INVESTOR CORRESPONDENCE**

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

**(i) For Correspondence:**

JHS Svendgaard Laboratories Limited  
B-1/E-9, Mohan Cooperative Industrial Area,  
New Delhi-110044,  
Ph : 011-26900411; Fax : 011-26900434

**(ii) Registered Office:**

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

**Compliance Officer:**

Ms. Isha Sablok,  
Company Secretary  
Phone: 011-26900411; Fax : 011-26900434  
e-mail: cs@svendgaard.com

**DECLARATION**

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, the Board Members and the Senior Management Team have confirmed compliance with the Code of Conduct for the Financial Year ended March 31, 2014.

**For JHS Svendgaard Laboratories Limited**

**Sd/-  
Nikhil Nanda  
(Managing Director)  
DIN: 00051501**

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members

JHS Svendgaard Laboratories Limited

We have examined the compliance of the conditions of Corporate Governance by JHS SVENDGAARD LABORATORIES LIMITED (herein referred as "the Company") as specified in clause 49 of the Listing Agreement of the Company entered into with the Stock Exchange (Bombay Stock Exchange Limited and National Stock Exchange of India Limited) for the Financial Year ended 31<sup>st</sup> March, 2014.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, as adopted by the Company for ensuring the compliance of the Corporate Governance. This certificate is neither an assurance nor expression of opinion on the financial statements of the Company.

In our opinion and to the best of the information and explanations given, I certify that the Company has complied with the conditions of Corporate Governance as specified in the Listing Agreement.

This Compliance Certificate is neither a declaration as to the future viability of the Company nor of the competence or effectiveness with which the management has conducted the affairs of the Company.

**For Don Banthia & Associates**

**Don Banthia**

**C.P No.: 12613**

**Membership No: 33869**

**Date: 30<sup>th</sup> May, 2014**

**Place: New Delhi**

## CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) PURSUANT TO CLAUSE 49(V) OF THE LISTING AGREEMENT OF THE INDIAN STOCK EXCHANGES

We hereby certify that Financials Results for the fourth quarter and financial year ended on 31<sup>st</sup> March 2014, on the basis of the review of the financial statements and to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit to state a material fact or contain statement that might be misleading.
- These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standard applicable laws and regulations.
- To the best of our knowledge and belief, no transactions entered into by the Company during the above said period are fraudulent, illegal or violate of the Company's Code of Conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company.
- We further certify that:-
  - a) There have been no significant changes in internal control over financial reporting during the period.
  - b) There have been no significant changes in accounting policies during the period.
  - c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting.

**For JHS Svendgaard Laboratories Limited**

**Place: New Delhi**

**Date: 30<sup>th</sup> May, 2014**

**S/d-  
(Nikhil Nanda)  
Managing Director**

**S/d-  
(Neeraj Kumar)  
Chief Financial Officer**

## MANAGEMENT'S DISCUSSION & ANALYSIS OF PERFORMANCE

### INDUSTRY STRUCTURE AND DEVELOPMENT:

"The Indian rural market is set to become a \$100 billion opportunity for retail spending in the next fifteen years". "While the ability of lower priced packs to improve accessibility is known, their pace and presence has been unrelenting."

The Indian oral care market offers immense potential for growth, given its low penetration in most parts of the country, especially in rural areas. With people in general being largely unaware about oral hygiene, the industry has a major incentive to expand. Apart from this, the rise in per capita income and the growing urbanization of the country has led to an increased demand for toothpaste, toothbrushes, mouth washes and gels. Even consumers in rural areas are slowly switching over from toothpowders to toothpaste. The oral care industry has also benefitted from the government organizing the regular dental health camps, along with high frequency of advertising on behalf of companies selling oral care products.

GDP based on purchasing power parity (PPP) has continued to move up and despite the slowdown in growth over the last few years; it continues to show an upward trend. India is doing better than the rest of the world and its share of global GDP (PPP) continues to increase.

The macro-economic slowdown which had earlier impacted most of the sectors of the Indian economy such as autos, consumer durables and industrials, now has a bearing on the Fast Moving Consumer Goods (FMCG) industry. Fiscal 2013-14 has been a tough year for Indian consumer sector. On the one hand, food inflation remained high during the year and on the other, there were uncertainties about job prospects and the state of the economy. Considering these factors, there has been a deceleration in FMCG growth rates. According to AC Nielsen, FMCG sector growth rates slipped to single digits in the middle of fiscal 2013-14. However, they inched up marginally towards the end of fiscal 2013-14.

The Indian FMCG sector is the fourth largest sector in the economy with a total market size in excess of US\$ 13.1 billion. It has a strong MNC presence and is characterized by a well established distribution network, intense competition between the organized and unorganized segments and low operational cost. Availability of key raw materials, cheaper labour costs and presence across the entire value chain gives India a competitive advantage. The FMCG market is set to treble from US\$ 11.6 billion in 2003 to US\$ 33.4 billion in 2015. Burgeoning Indian population, particularly the middle class and the rural segments, presents an opportunity to makers of branded products to convert consumers to branded products. Growth is also likely to come from consumer 'upgrading' the matured product categories.

We expect the resilience of India's economic fundamentals combined with increasing consumerism driven by the factors stated below to lead to brighter times ahead for the FMCG sector:

- Favorable demographic and rising income levels
- Total consumption expenditure set to increase - expected to reach nearly USD 3600 billion by 2020 from USD 1328 billion in 2012
- Working population (aged between 15 and 64 years) estimated to increase from 780 million in 2011 to 900 million by 2030
- India's middle income population estimated to reach 267 million by 2016 from 160 million in 2011

- Rural FMCG market size to grow from USD 12 billion in 2011 to USD 100 billion by 2025 driven by increase in per capita disposable income.

### ORAL CARE

"Indian Oral Care Market Forecast to 2015", there exists an immense potential for tooth brush market in rural areas. We also observed that dental health camps and free dental checkups have raised awareness about dental infections and diseases, especially in sub-urban and rural parts. The Indian Oral Care market is derived by analyzing and studying its sub-segments including: toothpaste, tooth powder, tooth brush, and mouth wash.

In India, the oral care sector is segmented into five products categories which include toothpaste, toothbrush, toothpowder, mouthwash; others oral care products such as dental flosses and oral care chewing gum. Toothpaste segment accounts the maximum share in the oral care market of 13.9% in FY'2014.

Toothpaste segment is likely to sustain its dominance in India's oral care space in the next five years. The industry in the coming years is expected to focus on advance dentifrices and new product categories such as toothbrush, mouthwash and oral care chewing gums"

The rising disposable incomes, expanding population and increasing oral hygiene are likely to drive the Indian oral care industry significantly.

### KEY GROWTH DRIVERS OF FMCG INDUSTRIES:

- Large Markets
- FDI Support
- Per Capita Income
- Changing lifestyles
- Increasing population and spending
- Increase in Rural Consumption

### FUTURE OUTLOOK AND STRATEGY:

Increasing awareness about oral hygiene, improving income, and high advertising expenditure by market players, the Indian oral care market has shown stupendous growth.

In the domestic market, growth continued to be muted with the second successive year of 5% GDP growth. The year saw steep currency depreciation in an environment where industrial activity remained in contraction mode, consumption demand continued to weaken, while lacklustre capital goods production pointed to stalled investment demand.

With sluggish growth across the larger economy, further compounded by high consumer inflation and weak sentiment, market growth across FMCG categories moderated throughout the year in both volume and value terms. The discretionary categories and premium segments were particularly under pressure. The operating context for the year was challenging, given the backdrop of a market slowdown, a volatile input cost environment and heightened competitive intensity.

The market for oral care hygiene product has grown at a consistent rate with high future perspectives. The Company continued to focus on strengthening the Oral Care brands and the portfolio which has helped in the premiumisation of the brand. The Company has also put in place

a robust plan to strengthen the toothbrush portfolio both at the premium as well as at the mass end of the market to enhance efficiencies and reduce cost to continue to yield strong, positive results and fund investment in building and strengthening brand equity and the business.

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

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

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

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

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

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

#### **OPPORTUNITIES:**

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

#### **THREATS:**

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

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

The Company, like any other organization has national as well as global business interests and is exposed to business risks which may be internal

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

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

The Company provides an overview of the financial activities for the reporting year i.e. 2013-2014. Since this information is designed to focus on the performance of the Company based on currently known facts.

The Company has coped to overcome hurdles and has moved towards the objective of stabilizing the business. This was possible due to the Company's continuous endeavor to assess the customers' needs and manufacturing the products accordingly which delivered better value to its customers.

The turnover from the operations of the Company during the financial year ended 31<sup>st</sup> March, 2014 amounted to ₹ 353 Million as compared to ₹ 561 Million during the previous year ended 31<sup>st</sup> March, 2013. The turnover of the Company has decreased by 37.08 % from the previous year mainly on account of loss of Job work income due to the wrongfully termination of contract by one of our key customer of the Company.

However the turnover from toothbrush business during the financial year ended 31<sup>st</sup> of March, 2014 has increase by 37.4% from 230 million to 316 million.

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

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

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

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

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

The Company has developed safer systems and procedures for work by implementing Core Design principles (e.g. in projects, in facilities



design, in process safety, etc.) rolling out up-to-date engineering standards and investing in hardware and safety infrastructure across sites.

Company is actively involved in EHS to ensure the health and safety of all its employees, contractors, visitors and other persons at its workplace and protecting the environment. All locations of JHS Svendgaard Laboratories Limited shall ensure that the operations of the company are regularly assessed and planned to prevent pollution, injuries and ill-health. The EHS Management Standards for all sites of the Company and provides audit guidelines in order to assess the implementation of these Standards. The Company shall comply with applicable Environment and occupational Health and Safety Legislation and other requirements wherever the Company is working.

#### **HUMAN RESOURCE:**

JHS takes pride in the fact that our people, organizational culture and values enable us to be decentralized and entrepreneurial. JHS is committed in creating a transparent organization and a highly conducive environment that is focused on people and their capability, enabling them

to deliver superior performances. At JHS, we have constantly focused on getting the top talent for our businesses. Human resource development happens through structured approaches for employee engagement, resourcing, performance and compensation management, competency based development, career and succession planning and organization building.

During the fiscal 2013-14, JHS focused on various strategic learning programmes, employee engagement and health management initiatives aimed at the overall development of our dynamic workforce. The belief that 'great people create great organizations' has been at the core of the Company's approach to its people. We consider our human resource to be our most important assets. We are continuously making efforts in the development of Human Resource through a series of employee-friendly measures aimed at talent acquisition, development, motivation and retention. Our endeavor is to develop a culture where a sense of belongingness and ownership of work are the key motivating factors and provide world class training to create a world-class work force. The aim is to lower the average employee age and invigorate the youth to take the Organization forward over the next few decades.

## SEGMENT-WISE PERFORMANCE

The Segment wise Performance as on 31<sup>st</sup> March, 2014 is as mentioned below:

S. No.	Particulars	Consolidated			
		Quarter Ended		Year Ended	
		31/03/2014 Audited	31/03/2013 Audited	31/03/2014 Audited	31/03/2013 Audited
<b>A.</b>	<b>SEGMENT REVENUE</b>				
	i) FMCG	660.43	612.60	2962.46	2979.31
	ii) Job Work - Oral care and Hygiene Care	0	663.82	358.12	2626.41
	iii) Manufacturing Sale- Oral care	121.14	0	207.38	0
	iii) Personal Care Products -Marketing & Distribution	0	0	0	350.92
	iv) Dental Care Clinics	0	0	0	2.42
	<b>Total</b>	<b>781.57</b>	<b>1276.41</b>	<b>3527.96</b>	<b>5959.06</b>
<b>B.</b>	<b>SEGMENT RESULTS:</b>				
	<b>Profit/Loss Before tax and Interest</b>				
	i) FMCG	(611.67)	(498.56)	(1458.64)	(939.92)
	ii) Job Work - Oral care and Hygiene Care	(73.36)	261.58	(661.92)	1185.30
	iii) Personal Care Products -Marketing & Distribution	(0.39)	28.91	0.99	(22.08)
	iv) Dental Care Clinics	(0.30)	1.99	0.95	(1.20)
	<b>Total</b>	<b>(685.71)</b>	<b>(206.09)</b>	<b>2122.50</b>	<b>222.10</b>
	Less:				
	Interest	395.58	194.98	1407.03	1034.35
	Other Unallocable Expenditure	(0.20)	(229.49)	(.20)	219.54
	<b>Total profit before Tax Exceptional Items</b>	<b>(1081.09)</b>	<b>(171.58)</b>	<b>(3529.33)</b>	<b>(1031.80)</b>
<b>C.</b>	<b>CAPITAL EMPLOYED</b>				
	i) FMCG	5854.62	7210.91	5854.62	12039.84
	ii) Job Work - Oral care and Hygiene Care	4329.38	5002.16	4329.38	5002.16
	iii) Personal Care Products -Marketing & Distribution	3006.15	2853.76	3006.15	2853.76
	iv) Dental Care Clinics	-	-	-	-
	<b>Total Capital Employed</b>	<b>13190.15</b>	<b>15066.83</b>	<b>13190.15</b>	<b>19893.76</b>

### CAUTIONARY STATEMENT

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

## ANNEXURE "A"

The status of employee stock option, as on 31<sup>st</sup> March, 2014 is as under:

S. No.	Particulars	2013-14
1	Options granted	Nil
2	Pricing formula	Nil
3	Options vested	Nil
4	Options exercised	Nil
5	Number of Shares arising as a result of exercise of Options	Nil
6	Options lapsed/ cancelled	Nil
7	Variation of terms of Options	Nil
8	Money realized by exercise of options (in Rs.)	Nil
9	Total No. of Options in force	Nil
10	Employee wise details of options granted	
	a Options granted to the Senior Managerial Persons, Promoter, Directors	Nil
	b Employees who have received Options in one year, amounting to 5% or more of Options granted during that year	Nil
	c Employees who were granted Options, during one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversations) of the Company at the time of grant	Nil
11	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option	N A
12	Difference between the employee compensation cost computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on EPS	N A
13	Weighted average exercise prices and weighted-average fair values of options	N A
14	Exercise price	N A

## ANNEXURE "B" - CONSERVATION OF ENERGY

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

Requisite data in respect of energy conservation is given below:

Power and fuel Consumption	Units	2013-14	2012-13
<b>1. Electricity</b>			
<b>(A) Purchased</b>			
– Units	Kwh	31,51,592	21,35,856
– Total Amount	Rs.in Lacs	289.60	117.00
– Rate/Unit	Rs.	9.19	5.48
<b>(B) Own Generator</b>			
– Through Diesel Generator Units	Kwh	270903	55378
– Unit per litre of Diesel Oil	Kwh	2.70	4.08
– Cost/Unit	Rs.	18.70	8.23
– Through steam turbine/generator			
<b>2. Other/Internal generation light/diesel oil/diesel oil/furnance oil</b>			
<b>(A) Quantity</b>			
Total Cost			–
Average Rate			–
<b>(B) Consumption Per unit of Production</b>			
<b>1) Electricity</b>			
Oral Care Products	Kwh/Per Unit	0.02	0.02
<b>2) Through Diesel Generator</b>			
Oral Care Products	Kwh/Per Unit	0.00	0.00

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

### • RESEARCH & DEVELOPMENT (R&D) & TECHNOLOGY ABSORPTION

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

#### Disclosure of Particulars With respect to Technology Absorption

##### 1. Specific areas in which R& D carried out by the Company.

- Project of Global significance
- Technology Up gradation
- Quality enhancement to achieve International Standards.
- New Process Development
- Analysis of alternative raw materials

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

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

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

S. No	Particulars	2013-14 - (Amount in ₹)
(a)	Capital	NIL
(b)	Recurring	76,755
(c)	Total	76,755
(d)	Total R&D Expenditure as a percentage of total turnover	1,53,510

### • FOREIGN EXCHANGE EARNINGS AND OUTGO

(Amount in ₹)

Particulars	2013-14	2012-13
Foreign Exchange Outgo		
Travelling	1,52,028	14,13,635
Raw Materials	6,01,962	71,41,276
Finished Goods	–	–
Capital Goods	3,59,450	9,94,01,073
Foreign Exchange Earnings	–	–
Earning in Foreign Exchange	–	6,20,29,043

## INDEPENDENT AUDITORS' REPORT

To

The Members of JHS Svendgaard Laboratories Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of JHS Svendgaard Laboratories Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Basis for Qualified Opinion

#### (a) Going Concern

*The accompanying financial statements for the year ended March 31, 2014 has been prepared assuming that the Company will continue as a going concern. However, the Company has been incurring operating and cash losses, has defaulted in repayment of loans and interest due to banks, there have been delays in payment of statutory dues, salaries to employees and payment to vendors and has negative working capital. Further, there has been termination of contract by a major customer of the Company resulting in idle fixed assets. Such factors create substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of such uncertainty.*

#### (b) Impairment of Assets-AS 28

*During earlier years, the Company had acquired substantial tangible fixed assets to carry out contract manufacturing for a major customer. Such major customer has terminated the contract resulting in some idle fixed assets. This and other internal factors indicate that the part of tangible fixed assets comprising plant & machinery which are being carried in the books at a written down value of ₹ 354,387,177 (Previous year ₹ 388,169,870) may be impaired. However, the management has not carried out any testing for impairment as required by Accounting Standard 28. Accordingly we are unable to comment on the necessity or otherwise to provide for an impairment loss in respect of these tangible assets as required by Accounting Standard 28. The effect of the non-provision of the impairment loss on assets, if any, cannot be quantified.*

#### (c) Confirmations

*The confirmations from the some of the legal counsels engaged by the Company in connection with matters related to indirect tax and other matters including cases filed against the Company were not available for our verification. Accordingly, we are unable to comment on outcome of such matters and the consequential impact, if any, on the reported*

*amounts of contingent liabilities and necessity of any provision required to be recorded.*

*Trade payables balance amounting to ₹ 23,978,283 due to nine parties are subject to confirmation and reconciliation, if any, and accordingly we were unable to confirm or verify by alternative means such trade payables included in the Balance Sheet as at March 31, 2014.*

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects to the matter described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

- we draw attention to Note 40 of the financial statements, wherein the management believes that in view of the profile of its vendors, there are no dues whatsoever to parties covered under the Micro Small Medium Enterprise Development Act, 2006.
- We draw attention to Note 29(a) of the financial statements, wherein the management has explained the basis for recording provision for doubtful debts in respect of certain trade receivables.
- We draw attention to Note 29(b) of the financial statements, wherein the management has explained the basis for recording provision for doubtful advances in respect of certain loans & advances and recoverability or other long outstanding advances.
- We draw attention to Note 29(c) of the financial statements, wherein the management has explained the basis for write-back of certain liabilities and provisions.

### Report on Other Legal and Regulatory Requirements:-

- As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
  - 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 except for the matter described in the Basis for Qualified opinion paragraph;
  - 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;
  - The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph*, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
  - on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

**Raj Kumar Agarwal**  
Partner  
Membership No. 074715

**Place: New Delhi**  
**Date: 30th May, 2014**

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of JHS Svendgaard Laboratories Limited on the financial statements for the year ended March 31, 2014]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details except for situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to phased program designed to cover all the items over a period of 3 years, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) The Company has granted interest free unsecured loans to three parties covered under section 301 of the Act. The maximum amount outstanding during the year and the year end balance of such loans are as follows:

(Amount in ₹)

Name of the Party	Maximum balance outstanding during the year	Year end balance
JHS Svendgaard Dental Care Limited	403,445	403,445
JHS Svendgaard Mechanical and Warehouse Private Limited	129,581,453	129,581,453
Number One Real Estate Private Limited	18,174,541	16,784,158

- (b) *In our opinion and according to the information and explanation given to us, the rate of interest and others terms and conditions for loans granted to Number One Real Estate Private Limited and JHS Svendgaard Dental Care Limited (fully provided for in books of Company) are prejudicial to the interest of the Company. The rate of interest and other terms and conditions of loans granted to JHS Svendgaard Mechanical and Warehouse Private Limited and are prima facie not prejudicial to the interest of the Company.*
- (c) *In our opinion and according to the information and explanation given to us, In respect of the interest free loan granted to JHS Svendgaard Dental Care Limited and Number One Real Estate Private Limited, the terms of repayment of principal are not stipulated. According, we are unable to comment on regularity of the same. The interest free loan granted to JHS Svendgaard Mechanical and Warehouse Private Limited is not yet due for receipt as per the terms of agreement.*
- (d) *In the absence of repayment schedule for JHS Svendgaard Dental Care Limited and Number One Real Estate Private Limited, we are unable to comment on whether the amount is overdue as at the Balance Sheet date. In case of loan granted to JHS Svendgaard Mechanical and Warehouse Private Limited no amount is overdue on the Balance Sheet date.*
- (e) The Company has taken loan from three parties covered in the register maintained under section 301 of the Companies Act,

1956. The maximum amount outstanding during the year and the year end balance of such loans are as follows:

(Amount in ₹)

Name of the Party	Maximum balance outstanding during the year	Year end balance
Nikhil Nanda	149,443,525	138,183,525
Sushima Nanda	1,284,323	1,234,333
Apogee Manufacturing Private Limited	49,109,270	

- (f) In our opinion, the rate of interest and other terms and conditions for loan taken from Nikhil Nanda are not, *prima facie*, prejudicial to the interest of the Company. *In the absence of any agreement with other two parties, we are unable to comment whether the rate of interest and other terms and conditions for such loans are prima facie, prejudicial to the interest of the Company.*
- (g) In our opinion, loan taken from Nikhil Nanda is interest free and as explained, repayment of loan has not been demanded. *In the absence of any agreement with the other two parties, we are unable to comment on the regularity of repayment of principal amounts and interest thereon.*
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regards to purchase fixed assets and with regard to the sale of goods and services.
- In our opinion and according to the information and explanations given to us, the internal control system with regard to purchase of inventory needs to be strengthened to be commensurate with the size of the Company and the nature of its business.*
- During the course of our audit, we have not observed continuing failure to correct material weakness in the internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into register maintained under section 301 have been so entered.
- (b) We are unable to comment if the transactions made with the parties listed in section 301 of the Act, in pursuance of such contracts or arrangements exceeding value of rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices, at the relevant time as the prices are not comparable since similar transactions have not been undertaken with any other party not covered under section 301.
- Unsecured loans taken from and granted to parties have been dealt with in paragraph (iii) (a) (iii) (g) above.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under.
- (vii) *The system of Internal audit of the Company needs to be strengthened and commensurate to the size and nature of its business.*
- (viii) We have broadly reviewed the books of account relating to the manufacture of Toothpastes, mouthwash and room fresheners pursuant to the Rules made by the Central Government of India, for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central government has not prescribed maintenance of cost records for any other products of the Company.
- (ix) (a) *Undisputed statutory dues including provident fund, employees' state insurance and tax deducted at source have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases. The Company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, sales tax and excise duty.*



As explained, there is no amount due for deposit with investor Education and Protection Fund.

According to the information and explanations given to us, custom duty is presently not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, excise duty, tax deducted at source, service tax, tax collected at source, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

According to the information and explanations given to us, undisputed amounts payable in respect of provident fund, employees' state insurance which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount in (₹)	Period to which the amount relates	Due Date	Date of Payment
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	268,530	September 2013	October 2013 (including 5 days of grace period)	May 19, 2014 and May 27, 2014
Employee State Insurance Act, 1948	Employees' State Insurance	14,935	April-September 2013	21st of the following month	May 19, 2014 and May 27, 2014

As explained, there is no amount due for deposit with Investor Education and Protection Fund.

According to the information and explanations given to us, custom duty is presently not applicable to the company.

- (b) According to the information and explanations given to us, there are not dues of income tax, sales tax, wealth tax, service tax, excise duty and cess on account of any dispute which have not been deposited with appropriate authorities.
- (x) *The accumulated losses of the Company at the year end are not more than fifty percent of its net worth. Further, the Company has incurred cash losses during the financial year, however, it has not incurred cash losses in the immediately preceding financial year. The effect of qualifications described in the Basis of Opinion paragraph in our Audit Report are currently unascertainable and accordingly cash losses have not been adjusted for consequential effect resulting from such qualifications.*
- (xi) *In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to financial institutions and banks. Details of such defaults are reported as under. There were no dues to debenture holders.*

Name of the Bank	Type of facility	Principal Due (Amount in ₹)	Interest Due (Amount in ₹)	Period of default	Date of rectifying the default
ICICI and Bank of India	Foreign currency loan from banks External Commercial Borrowings (ECB)	481,367,332	155,650,408	Various dates in FY 2012-13 and FY 2013-14.	Still continuing

- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) *According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has applied funds raised on short term basis for long term investment amounting to ₹ 507,652,838.*
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- (xix) According to the information and explanations given to us, no debentures have been issued by the Company during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

**Raj Kumar Agarwal**  
**Partner**  
**Membership No. 074715**  
**Place: New Delhi**  
**Date: 30th May, 2014**

**BALANCE SHEET AS AT MARCH 31, 2014**

		(Amount in ₹)	
	Notes	March 31, 2014	March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	240,952,520	240,952,520
Reserves and surplus	4	207,611,710	495,569,535
		<b>448,564,230</b>	<b>736,522,055</b>
Deferred government grant	5	2,100,000	2,400,000
<b>Non-current liabilities</b>			
Long term borrowings	6	131,930,027	193,019,550
Deferred tax liabilities (net)	7	–	67,455,337
Long term provisions	8	2,272,373	4,554,763
		<b>134,202,400</b>	<b>265,029,650</b>
<b>Current liabilities</b>			
Short term borrowings	9	328,100,454	564,960,798
Trade payables	10	53,660,109	216,118,670
Other current liabilities	11	754,642,090	370,604,609
Short term provisions	8	275,274	273,151
		<b>1,136,677,927</b>	<b>1,151,957,228</b>
<b>TOTAL</b>		<b>1,721,544,557</b>	<b>2,155,908,933</b>
<b>Non-current assets</b>			
Fixed assets			
– Tangible assets	12	1,207,450,559	1,351,084,085
– Intangible assets	12	402,148	888,986
– Intangible assets under development		316,012	112,360
Non-current investments	13	99,990	99,990
Long term loans and advances	14	219,428,586	329,406,974
Other non-current assets	15	2,210,198	596,275
		<b>1,429,907,493</b>	<b>1,682,188,670</b>
<b>Current assets</b>			
Inventories	16	58,193,450	60,702,119
Trade receivables	17	57,818,270	246,096,158
Cash and bank balances	18	23,415,226	7,890,916
Short term loans and advances	19	152,099,623	158,847,160
Other current assets	20	110,495	183,910
		<b>291,637,064</b>	<b>473,720,263</b>
<b>TOTAL</b>		<b>1,721,544,557</b>	<b>2,155,908,933</b>
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.			

As per our report of even date attached.

**For Haribhakti & Co.**

Chartered Accountants

Firm Registration Number: 103523W

**Raj Kumar Agarwal**

Partner

Membership no.: 74715

**Place : New Delhi****Date : May 30, 2014****For and on behalf of the Board of Directors of****JHS Svendgaard Laboratories Limited****Nikhil Nanda**

Managing Director

**Vanamali Polavaram**

Director

**Isha Sablok**

Company Secretary

**Neeraj Kumar**

Chief Financial Officer

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)

	Notes	Year ended March 31, 2014	Year ended March 31, 2013
<b>Income</b>			
Revenue from operations (Gross)	21	352,796,472	560,572,353
Less: Excise duty		—	—
Revenue from operations (Net)		352,796,472	560,572,353
Other income	22	38,083,900	40,262,396
<b>Total revenue</b>		<b>390,880,372</b>	<b>600,834,749</b>
<b>Expenses</b>			
Cost of materials consumed	23	188,194,655	182,729,799
(Increase)/decrease in inventories of finished goods and work-in-progress	24	18,318,455	38,636,594
Employee benefits expense	25	91,676,313	95,030,707
Finance costs	26	140,699,379	103,407,826
Depreciation, amortisation and impairment	27	146,991,144	136,187,733
Other expenses	28	93,117,602	129,578,827
<b>Total expenses</b>		<b>678,997,548</b>	<b>685,571,486</b>
<b>Profit/ (loss) before exceptional items, extra ordinary items, prior period items and tax</b>		<b>(288,117,177)</b>	<b>(84,736,737)</b>
Less: Exceptional items	29	64,697,438	—
<b>Profit/ (loss) before extra ordinary items, prior period items and tax</b>		<b>(352,814,615)</b>	<b>(84,736,737)</b>
Less: Extra ordinary items (Refer note 47)		—	83,824,177
<b>Profit/ (loss) before prior period items and tax</b>		<b>(352,814,615)</b>	<b>(912,560)</b>
Less: Prior period expense (net)	30	20,447	471,283
<b>Profit/ (loss) before tax</b>		<b>(352,835,062)</b>	<b>(1,383,843)</b>
Tax Expense:			
– Current tax		—	—
– Deferred tax charge / (benefit) (Refer note 7)		(67,455,337)	16,297,568
– Deferred tax charge / (benefit) for earlier years		—	22,450,848
– Tax for earlier years		2,578,100	1,960,926
<b>Total tax expense</b>		<b>(64,877,237)</b>	<b>40,709,342</b>
<b>Profit/ (loss) for the year</b>		<b>(287,957,825)</b>	<b>(42,093,185)</b>
Earnings/ (loss) per share (Nominal value Rs. 10/– share)	38		
– Basic and Diluted EPS (Including extra ordinary item)		(11.95)	(1.75)
– Basic and Diluted EPS ( Excluding extra ordinary item)		(11.95)	(5.23)

Summary of significant accounting policies

2

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

As per our report of even date attached.

**For Haribhakti & Co.**

Chartered Accountants

Firm Registration Number: 103523W

**Raj Kumar Agarwal**

Partner

Membership no.: 74715

**Place : New Delhi****Date : May 30, 2014****For and on behalf of the Board of Directors of  
JHS Svendgaard Laboratories Limited****Nikhil Nanda**

Managing Director

**Vanamali Polavaram**

Director

**Isha Sablok**

Company Secretary

**Neeraj Kumar**

Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

(Amount in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before exceptional items, extra ordinary items, prior period items and tax	<b>(288,117,177)</b>	<b>(84,736,737)</b>
Adjustments for:		
<b>Exceptional item:</b>		
Provision for doubtful receivables	(146,360,909)	—
Provision made on doubtful loans and advances	(72,838,186)	—
Liabilities no longer required written back	154,501,657	—
Depreciation, amortisation and impairment	146,991,144	136,187,733
Interest income	(487,989)	(443,976)
Government grant amortisation (income)	(300,000)	(300,000)
Prior period expenses/(income) (net)	20,447	(471,283)
Provisions no longer required written back	(1,627,780)	(372,173)
Excess provision for gratuity written back	(1,176,931)	—
Excess provision for leave encashment written back	(406,752)	—
Loss/(profit) on sale of fixed assets	43,021	(4,314,039)
Provision for doubtful receivables (including exceptional items)	147,013,483	—
Liabilities no longer required written back (including exceptional items)	(154,741,592)	(1,219,449)
Provision for doubtful loans and advances (including exceptional items)	72,892,580	10,127,795
Turnover discount	(27,944,011)	—
Provision for diminution in value of investments	—	4,012,587
Provision for slow moving stock	1,313,770	3,040,057
Advances written off (Cenvat)	—	5,324,037
Unrealised Loss (gain) on foreign currency receivables and payables	(18,633,096)	(7,968,210)
Unrealised Loss (gain) on foreign currency borrowings	31,280,839	15,474,028
Interest and financial charges	140,699,379	103,407,826
<b>Operating profit before working capital changes</b>	<b>(17,878,103)</b>	<b>177,748,196</b>
Adjustment for:		
Decrease in inventories	1,194,899	72,847,946
Decrease in trade receivables	61,484,407	197,744,132
Decrease/ (increase) in short term loans and advances	6,747,537	(69,594,620)
Decrease in other current assets	—	—
Decrease in long term loans and advances	7,769,895	195,012,146
Increase in other non-current assets	(1,528,977)	(11,228)
Increase/ (decrease) in trade payables	20,227,023	(221,300,990)
(Decrease)/increase in provisions	(696,584)	180,380
Increase in current liabilities	205,764,429	175,321,889
Profit of merged entities for the year FY 2010–11 and 2011–12	—	83,824,177
<b>Cash generated from operations</b>	<b>283,084,526</b>	<b>611,772,028</b>
Taxes paid	1,110,488	8,744,722
<b>Net cash generated from operating activities</b>	<b>281,974,038</b>	<b>603,027,306</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,172,316)	(147,609,404)
Movement in capital advances	27,848,300	(104,340,134)
Payment for intangibles under development	(203,652)	(112,360)
Sale of fixed assets	1,258,515	27,644,653
Maturity/( investment) of/ in deposits of more than three months	2,217,228	(1,514,280)
Purchase of investments	—	(99,990)
Decrease in investment on account of merger	—	500,000
Interest income received	487,989	443,976
<b>Net cash used in investing activities</b>	<b>27,436,064</b>	<b>(225,087,539)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Increase) decrease in share capital on account of merger (Refer note 47 )	—	(65,452,450)
(Increase) decrease in reserves on account of merger (Refer note 47 )	—	(19,840,350)
Proceeds from/ (repayment of) long term borrowings	(3,901,013)	(155,649,058)
Dividend paid	—	(3,500)
Proceeds from/ (repayment of) short term borrowings	(147,056,641)	(55,945,728)
Interest and financial charges	(140,710,910)	(98,773,848)
<b>Net cash used in financing activities</b>	<b>(291,668,564)</b>	<b>(395,664,934)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>17,741,538</b>	<b>(17,725,167)</b>
Opening balance of cash and cash equivalents	3,227,220	20,952,387
Closing balance of cash and cash equivalents	<b>20,968,758</b>	<b>3,227,220</b>
Add: Deposits with original maturity of more than three months but realizable within 12 months from Balance Sheet date and unclaimed dividend account	2,446,468	4,663,696
<b>Cash and bank balance (Refer note 18)</b>	<b>23,415,226</b>	<b>7,890,916</b>

**Notes:**

- I. The accompanying notes form an integral part of the financial statements.
- II. The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 'Cash Flow Statement' specified in the Companies (Accounting Standards) Rules, 2006.

As per our report of even date attached.

**For Haribhakti & Co.**

Chartered Accountants

Firm Registration Number: 103523W

**Raj Kumar Agarwal**

Partner

Membership no.: 74715

**Place : New Delhi****Date : May 30, 2014****For and on behalf of the Board of Directors of  
JHS Svendgaard Laboratories Limited****Nikhil Nanda**

Managing Director

**Vanamali Polavaram**

Director

**Isha Sablok**

Company Secretary

**Neeraj Kumar**

Chief Financial Officer



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 1. BACKGROUND

JHS Svendgaard Laboratories Limited is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in manufacturing a range of oral and dental products for elite national and international brands. The main portfolio of the Company is to carry out manufacturing and exporting of oral care and hygiene products including toothbrushes, toothpastes, mouthwash, sanitizers and job work of detergent powder.

The Company's shares are listed for trading on the National Stock Exchange and the Bombay Stock Exchange in India.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### b. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses. Although such estimates and assumptions are made on reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized. Any revision to accounting estimates is recognized in the current and future periods.

#### c. Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the above criteria, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

#### d. Tangible assets

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

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

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

from its use or disposal.

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

#### e. Intangible assets

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

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

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

#### f. Depreciation / Amortization

Depreciation on tangible assets except moulds and dies is provided on straight line method at rates specified as per Schedule XIV of the Companies Act, 1956 which in the opinion of the Management are reflection of the estimated useful lives of fixed assets. Moulds and dies are depreciated over a period of five years.

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

Depreciation and amortization on addition to fixed assets is provided on pro-rata basis from the date the assets are ready for use. Depreciation and amortization on sale/discard from fixed assets is provided for upto the date of sale, deduction or discard of fixed assets as the case may be. Depreciation and amortization is provided by leaving a residual value of ₹ 1.

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

#### g. Impairment of assets

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

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

#### h. Cash and cash equivalents

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

#### i. Inventories

i. Raw materials, packaging materials and stores and spare parts are valued at the lower of cost and net

realizable value. Cost includes purchase price, taxes (excluding levies or taxes subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

- ii. Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis.
- iii. Excise duty liability, wherever applicable, is included in the valuation of closing inventory of finished goods. Excise duty payable on finished goods is accounted for upon manufacture and transfer of finished goods to the stores. Payment of excise duty is deferred till the clearance of goods from the factory premises.
- iv. Provision for obsolescence on inventories is made on the basis of management's estimate based on demand and market of the inventories.
- v. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.
- vi. The comparison of cost and net realisable value is made on an item by item basis.

#### j. Revenue recognition

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

##### Sale of goods

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

##### Interest income

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

##### Dividend income

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

##### Export incentives

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

##### Sale of scrap

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

##### Service income

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

#### Reimbursement Receipts

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

#### k. Borrowing cost

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

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

#### l. Foreign currency transactions

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

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

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

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

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

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

#### m. Investments

Investments that are readily realizable and are intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments. However that part of long term investments which is expected to be realized within 12 months after the reporting date is presented under "Current Assets" in consonance with current/non current classification scheme of Revised Schedule VI. The cost of an investment includes acquisition charges such as brokerage, fees and duties.

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

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

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

#### **n. Employee Benefits**

##### **Short term employee benefits:**

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

##### **Long term employee benefits:-**

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

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

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

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

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

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

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

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

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

#### **o. Segment reporting**

##### **Identification of segments**

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

##### **Allocation of common cost**

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

##### **Unallocated items**

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

##### **Segment policies**

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

#### **p. Accounting for taxes on income**

Income tax expenses comprises of current tax and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted as at the Balance Sheet date. Deferred tax assets are recognized for timing differences only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realized in future where as, in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognized only if, there is virtual certainty of realization supported by convincing evidence. Deferred tax assets are reviewed at each Balance Sheet date.

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

#### **q. Government grant**

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

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

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

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

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

**Contingent liabilities**

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

**Contingent assets**

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

**s. Earnings per share**

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

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

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

**t. Leases****Operating lease**

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

**Finance lease**

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

**u. Material events**

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

**3 : SHARE CAPITAL**

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

	March 31, 2014		March 31, 2013	
	Numbers	Amount in ₹	Numbers	Amount in ₹
<b>Authorised shares</b>				
Equity shares of ₹10/- each (March 31, 2013 : ₹10/- each)	28,000,000	280,000,000	28,000,000	280,000,000
<b>Issued, subscribed &amp; fully paid up shares</b>				
Equity shares of ₹10/- each (March 31, 2013 : ₹ 10/- each)	24,095,252	240,952,520	24,095,252	240,952,520

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

Particulars	March 31, 2014		March 31, 2013	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of the year	24,095,252	240,952,520	17,550,007	175,500,070
Add : Shares issued during the year to shareholders / partners of merged entities			6,545,245	65,452,450
At the end of the year	24,095,252	240,952,520	24,095,252	240,952,520

\* Issued consequent to the scheme of amalgamation (Refer note 47)

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

Voting:

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

Dividends:

The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case where interim dividend is distributed. During the year ended March 31, 2014 and March 31, 2013, no dividend has been declared by the Company.

Liquidation:

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



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

	(Number of shares)	
	March 31, 2014	March 31, 2013
Equity issued to the shareholders of merged entities pursuant to the scheme of amalgamation	6,545,245	6,545,245

- d) Detail of shareholders holding more than 5% shares in the Company

	March 31, 2014			March 31, 2013		
Equity shares of ₹10 each fully paid	Numbers	% held	Amount in ₹	Numbers	% held	Amount in ₹
Nikhil Nanda	8,810,774	36.57%	88,107,740	8,810,774	36.57%	88,107,740
Tano Mauritius India FVCI	3,499,999	14.53%	34,999,990	3,499,999	14.53%	34,999,990

	(Amount in ₹)	
	March 31, 2014	March 31, 2013
<b>4 : RESERVES AND SURPLUS</b>		
<b>Capital Reserves</b>		
Opening balance	24,112,040	230,000
Add: Amalgamation reserve on account of amalgamation (Refer note 47)	–	23,882,040
<b>Closing balance (A)</b>	<b>24,112,040</b>	<b>24,112,040</b>
<b>Securities premium account</b>		
Opening balance	344,318,448	651,090,198
Add: Premium transferred consequent to amalgamation (Refer note 47 )	–	176,120,890
Less: Amount utilized towards setting off non recoverable trade receivables (Refer footnote 17.1)	–	482,892,640
<b>Closing balance (B)</b>	<b>344,318,448</b>	<b>344,318,448</b>
<b>General reserves</b>		
Opening balance	667,750	667,750
<b>Closing balance (C)</b>	<b>667,750</b>	<b>667,750</b>
<b>Surplus/ (deficit) in the Statement of Profit and Loss</b>		
Opening balance	126,471,297	168,564,482
Less: Profit/ (loss) for the year transferred from the Statement of Profit and Loss	(287,957,825)	(42,093,185)
<b>Closing balance (D)</b>	<b>(161,486,528)</b>	<b>126,471,297</b>
<b>Total reserves and surplus (A+B+C+D)</b>	<b>207,611,710</b>	<b>495,569,535</b>

- 5 : DEFERRED GOVERNMENT GRANT

Opening balance (Refer footnote 5.1)	2,400,000	2,700,000
Less: Current year amortisation over the balance useful life of the assets (Refer note 22)	300,000	300,000
<b>Closing balance</b>	<b>2,100,000</b>	<b>2,400,000</b>

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

- 6 : LONG TERM BORROWINGS

	Non-current portion		Current maturities	
Secured	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Indian rupee loan from banks (Term loan) Refer footnote 6.1	129,321,073	52,756,122	77,720,000	81,525,800
Foreign currency loan from banks (buyers credit) Refer footnote 6.1	–	134,543,693	–	32,889,752
Foreign currency loan from banks (ECB and FCTL) Refer footnote 6.1	–	–	–	140,977,066
	129,321,073	187,299,815	77,720,000	255,392,618
				(Refer footnote 6.1)
Vehicle loans	2,608,954	5,719,735	2,285,160	3,075,392
	131,930,027	193,019,550	80,005,160	258,468,010
Amount disclosed under the head Other current liabilities (Refer note 11)	–	–	(80,005,160)	(258,468,010)
<b>Net amount</b>	<b>131,930,027</b>	<b>193,019,550</b>	<b>–</b>	<b>–</b>



6.1 The Company has defaulted in repayment of principal and interest (as specified in footnote 6.2) on various facilities availed from ICICI Bank Limited and Bank of India. The Company is in default since previous year ended March 31, 2013 and has failed to make good the default till date. During the current year, ICICI Bank Limited has filed a suit with Debt Recovery Tribunal (DRT) for recovery for all outstanding amounts. Accordingly, during the year, the Company has classified entire principal amount outstanding due to ICICI Bank Limited aggregating ₹ 442,507,333 as current liability (Refer note 11).

6.2 The detail of the continuing defaults in repayment to ICICI Bank Limited and Bank of India are as given below:

Bank Name	Type of facility	Principal amount due	Interest amount due	Period since in default
ICICI Bank Limited and Bank of India	Foreign Currency loans from Bank (ECB and FCTL)	108,264,533	19,885,092	FY 2012–13
	Indian Rupee loans from Banks, Foreign Currency loans from Bank (ECB and FCTL), Cash credit, Packing Credit, Working capital demand loan and Temporary overdraft.	373,102,799	135,765,316	FY 2013–14

6.3 Details of security, interest and principal repayment terms of borrowings for the year ended March 31, 2014:

Indian rupee loan from banks (term loan)	Rate of interest	Loan A– ₹ 30,393,030 @ 3.25% over Base Rate plus Tenor Premium 0.75% which is 14.25% p.a. Loan B– ₹ 103,888,892 @ 15.20% p.a.
	Repayment terms	Loan A–March 31, 2014: 20 Quarterly instalments of ₹ 9,715,000 each from April, 2013. Loan B– March 31, 2014: Refer footnote 6.1 above.
	Security	a. Exclusive charge on movable and non–movable fixed assets being financed by the facility. b. First pari passu charge on uncharged net block and second charge on current assets of the Company. c. Parri passu charge on the following properties of the Company mortgaged with ICICI Bank Limited. i. Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas. ii. Khasra no.89 measuring 4.18 bighas. iii. Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas. iv. Khata no. 85/1, measuring 4 bighas. v. Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala–Amb, Tehsil Nahan, District, Sirmour, HP (total land measuring 19.04 bighas) in the name of the Company. vi. Equitable mortgage of free hold project land measuring in Khata Khatauni no. 19 min/20 min, and and Khasra no 86 measuring 3–3 bighas, Khata Khatauni no 21/22, Khasra No. 417/67, measuring 3 bigha khata khatauni no 23/24, Khasra no 173/60 measuring 2–18 bighas 3 kites, total measuring 9–1 bighas, situated at Mauza Kheri, Tehsil Nahan, District – Sirmour, Himachal Pradesh. d. Personal guarantee of Mr. Nikhil Nanda limited to the value of 500,000 shares of the Company.
Foreign currency loan from banks (buyers credit)	Rate of interest	6 months LIBOR plus applicable margin which is in the range of 1– 1.25% p.a.
	Repayment terms	Coverted into loan B as at March 31, 2014.
	Security	Coverted into loan B as at March 31, 2014.
Foreign currency term loan (External Commercial Borrowings (ECB))	Rate of interest	6 months LIBOR plus applicable margin of 1.5%, interest is in the range of 1.09–2.01% p.a.
	Repayment terms	Refer footnote 6.1 above.
	Security	a. Exclusive charge on all the movable fixed assets of the Company being financed by the facility. b. First Charge on all the immovable (subject to RBI approval) fixed assets of the Company being financed by the facility.

		<p>c. Equitable mortgage of the following properties on parri passu with ICICI Bank Limited:</p> <p>i. Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas.</p> <p>ii. Khasra no. 89 measuring 4.18 bighas.</p> <p>iii. Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas.</p> <p>iv. Khata no. 85/1, measuring 4 bighas situated at Mouza Kheri, Kala-Amb, Tehsil Nahan, District Sirmour, HP (total land measuring 19.04 bighas) in the name of Company (subject to RBI approval).</p> <p>v. Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala-Amb, Tehsil Nahan, District, Sirmour, HP (total land measuring 19.04 bighas) in the name of Company.</p> <p>d. Personal guarantee of Mr. Nikhil Nanda limited to the value of 4,204,446 shares of the Company.</p>
<b>Foreign currency term loan (Foreign Currenct Term Loan (FCTL))</b>	<b>Rate of interest</b>  <b>Repayment terms</b>  <b>Security</b>	<p>6 months LIBOR plus applicable margin of 1.6%, interest is in the range of 2.01–2.11% p.a.</p> <p>Refer footnote 6.1 above.</p> <p>a. Exclusive charge on all the movable fixed assets of the Company under Noida SEZ Unit, both present and future.</p> <p>b. First Charge on the current assets of the Company pari passu with ICICI Bank Limited.</p> <p>c. Personal guarantee of Mr. Nikhil Nanda limited to the value of 4,204,446 shares of the Company.</p>
<b>Vehicle loans</b>	<b>Rate of interest</b>  <b>Repayment terms</b>  <b>Security</b>	<p>Interest rate is in the range of 8% p.a to 12% p.a.</p> <p>Repayable within a period of 60 months.</p> <p>Respective assets are hypothecated against the loans taken to acquire such vehicles.</p>

6.4 Details of security, interest and principal repayment terms of borrowings for the year ended March 31, 2013:

<b>Indian rupee loan from banks (term loan)</b>	<b>Rate of interest</b>  <b>Repayment terms</b>  <b>Security</b>	<p>Loan A–₹ 30,393,030 @ 3.25% over Base Rate plus Tenor Premium 0.75% which is in the range of 14–14.25% p.a.</p> <p>Loan B–₹ 103,888,892 @ 13.5% p.a.</p> <p>Loan A– 20 Quarterly instalments of ₹ 9,715,000 each from April, 2013.</p> <p>Loan B–4 quarterly Instalments of ₹ 9,444,444 each are due as at March 31, 2013 and 7 quarterly instalments of same amount are payable in next two years.</p> <p>Same as stated above for the year ended March 31, 2014.</p>
<b>Foreign currency loan from banks (buyers credit)</b>	<b>Rate of interest</b>  <b>Repayment terms</b>  <b>Security</b>	<p>6 months LIBOR plus applicable margin which is in the range of 1.25–3.74% p.a.</p> <p>It is a sub limit of term loan B and to be converted into term loan B , hence same repayment terms.</p> <p>Same as stated above for the year ended March 31, 2014.</p>
<b>Foreign currency term loan (External Commercial Borrowings (ECB))</b>	<b>Rate of interest</b>  <b>Repayment terms</b>  <b>Security</b>	<p>LIBOR is hedged @ 2.98% Plus 1.50% as Margin which is 4.48% p.a. Refer note 42 (a)</p> <p>Two Semi Annual instalments of USD 496,000 each are due as at March 31, 2013 and two installments are payable in next one year.</p> <p>Same as stated above for the year ended March 31, 2014.</p>
<b>Foreign currency term loan (External Commercial Borrowings (ECB))</b>	<b>Rate of interest</b>  <b>Repayment terms</b>  <b>Security</b>	<p>LIBOR is hedged @ 2.98% Plus 1.60% as Margin which is 4.58% p.a. Refer note 42 (a)</p> <p>Two Semi Annual instalments of USD 152,000 each are due as at March 31, 2013 and two installments are payable in next one year.</p> <p>Same as stated above for the year ended March 31, 2014.</p>
<b>Vehicle loans</b>	<b>Rate of interest</b>  <b>Repayment terms</b>  <b>Security</b>	<p>Interest rate is in the range of 8% p.a to 12% p.a.</p> <p>Repayable within a period of 60 months.</p> <p>Respective assets are hypothecated against the loans taken to acquire such vehicles.</p>

**7 : DEFERRED TAX LIABILITIES (NET)**

Deferred tax assets and liabilities are attributable to the following:

(Amount in ₹)

	March 31, 2014	Charge/(benefit) for the year	March 31, 2013
<b>Deferred tax liability</b>			
Depreciation and amortisation	90,803,005	(3,714,012)	87,088,993
<b>Total Deferred tax liability (A)</b>	<b>90,803,005</b>	<b>(3,714,012)</b>	<b>87,088,993</b>
<b>Deferred tax assets</b>			
Provision for bonus	140,385	54,699	85,686
Provision for doubtful receivables	39,458,647	37,579,719	1,878,928
Provision for obsolete stock	2,635,040	298,376	2,336,664
Provision for gratuity	575,473	158,052	417,421
Provision for leave encashment	139,221	(77,690)	216,911
Provision for doubtful advance	20,107,042	19,244,475	862,567
Provision for diminution in value of investments	1,132,700	—	1,132,700
Interest accrued but not due	1,228,614	1,228,614	—
Interest accrued and due under section 43B	36,567,659	36,567,659	—
Unrealised exchange loss on capex loans	15,129,045	2,426,266	12,702,779
<b>Total Deferred tax assets (B)</b>	<b>117,113,826</b>	<b>97,480,170</b>	<b>19,633,656</b>
<b>Deferred tax liability (net) (A)–(B)</b>	<b>—</b>	<b>(67,455,337)</b>	<b>67,455,337</b>

In accordance with Accounting Standard 22 'Accounting for taxes on income', in view of recurring losses and absence of reasonable certainty, the Company has recognised deferred tax assets only to the extent of deferred tax liability. Further, no deferred tax assets has been recognised on brought forward business losses and unabsorbed depreciation. Consequently, the net deferred tax assets/liability as at March 31, 2014 is Nil.

**8 : PROVISIONS**

(Amount in ₹)

	Long term		Short term	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Provisions for employees benefits				
Provision for gratuity (Refer note 34)	1,761,986	3,079,734	148,966	100,709
Provision for leave benefits Refer note 34)	510,387	1,475,029	126,308	172,442
	<b>2,272,373</b>	<b>4,554,763</b>	<b>275,274</b>	<b>273,151</b>

**9 : SHORT TERM BORROWINGS**

(Amount in ₹)

	March 31, 2014	March 31, 2013
<b>Secured</b>		
Loan repayable on demand		
Cash credit from banks in Indian rupee (Refer footnote 9.1)	191,151,262	276,604,300
Buyers credit from banks in foreign currency	—	2,460,722
Packing credit from banks in foreign currency (Refer footnote 9.1)	—	61,356,777
Working capital demand loan (Devolved buyer's credit) (Refer footnote 9.1)	—	—
Temporary overdraft from ICICI Bank Limited (Refer footnote 9.1)	—	25,986,204
<b>Unsecured</b>		
Interest free loan from related parties repayable on demand (Refer note 36)	136,949,192	198,552,795
	<b>328,100,454</b>	<b>564,960,798</b>

9.1 The Company has defaulted in repayment of principal and interest on various facilities availed from ICICI Bank Limited and Bank of India. The Company is in default since previous year ended March 31, 2013 and has failed to make good the default till date. During the current year, ICICI Bank Limited has filed a suit with Debt Recovery Tribunal (DRT) for recovery for all outstanding amounts. Accordingly, during the year, the Company has classified entire principal amount outstanding due to ICICI Bank Limited aggregating ₹. 442,507,333 as current liability (Refer note 11).

9.2 Details of security and interest of borrowings for the year ended March 31, 2014:

Cash credit from bank in Indian Rupee, Buyers Credit and Packing Credit in foreign currency (ICICI Bank Limited)	Rate of interest	Cash credit—Base rate plus applicable margin and in case of default, additional interest in the range of 6– 13% hence effective interest rate is in the range of 19.25–19.75 % p.a. Interest for Buyers credit is in the range of 1.01–1.25% p.a and Packing credit from banks in foreign currency is @ 6 months LIBOR plus applicable margin which is 4.74% p.a.
--	------------------	--

	<b>Security</b>	<p>A. First charge in favour of the bank by the way of hypothecation of the Company's entire stock of raw materials, semi-finished and finished goods, consumable stores, packing material and spares and such other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank pari passu with ICICI Bank Ltd. SEEPZ OBU and Bank of India.</p> <p>B. Second parri passu charge on the following properties of the Company mortgaged with ICICI Bank Limited.</p> <p>i. Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas.</p> <p>ii. Khasra no.89 measuring 4.18 bighas.</p> <p>iii. Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas.</p> <p>iv. Khata no. 85/1, measuring 4 bighas.</p> <p>v. Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala-Amb, Tehsil Nahan, District, Sirmour, HP (total land measuring 19.04 bighas) in the name of the Company.</p> <p>C. Personal guarantee of Mr. Nikhil Nanda limited to the value of 4,704,446 shares of the Company.</p>
<b>Cash credit from bank in Indian rupee (Bank of India)</b>	<b>Rate of interest</b>	Base rate plus applicable margin and 2% penal interest, total rate is 15.5–15.75% p.a.
	<b>Security</b>	Second parri passu charge on fixed assets on reciprocal basis.
<b>Temporary overdraft (ICICI Bank Limited)</b>	<b>Rate of Interest</b>	19.50% p.a
	<b>Security</b>	No separate security charged i. e. security is common as in cash credit from bank in Indian rupee (ICICI Bank Limited).

### 9.3 Details of security and interest of borrowings for the year ended March 31, 2013:

<b>Cash credit from bank in Indian Rupee, Buyers Credit and Packing Credit in foreign currency (ICICI Bank Limited)</b>	<b>Rate of interest</b>	Cash credit–Base rate plus applicable margin which is in the range of 16–19.75% p.a. Interest for Buyers credit is in the range of 1.25–3.74% p.a. and Packing credit from banks in foreign currency is at 6 months LIBOR plus applicable margin which is in the range of 2.74–4.74% p.a.
	<b>Security</b>	Same as reported in the year ending March 31, 2014 in 9.2 above.
<b>Cash credit from bank in Indian rupee (Bank of India)</b>	<b>Rate of interest</b>	Base rate plus applicable margin which is between 13.5–15.5% p.a.
	<b>Security</b>	Same as reported in the year ending March 31, 2014 in 9.2 above.
<b>Temporary overdraft (ICICI Bank Limited)</b>	<b>Rate of interest</b>	19.25% p.a
	<b>Security</b>	Same as reported in the year ending March 31, 2014 in 9.2 above.

(Amount in ₹)

	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>10: TRADE PAYABLES</b>		
Trade payables (Refer note 40 for details of dues to Micro Small & Medium Enterprises)	53,660,109	216,118,670
	<b>53,660,109</b>	<b>216,118,670</b>
	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>11: OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Refer note 6)	77,720,000	255,392,618
Current maturities of vehicle loans (Refer note 6)	2,285,160	3,075,392
Overdue principal (Refer footnote 6.1 and 6.2)	442,507,333	–
Interest accrued and due on borrowings (Refer footnote 6.1 and 6.2)	156,921,159	33,297,248
Interest accrued but not due on borrowings	4,183,346	4,992,884
Book overdraft	11,768,581	8,710,066
Payable for fixed assets (Refer note 40 for details of dues to Micro Small & Medium Enterprises)	25,608,187	31,558,507
Advance received from customers	19,755,118	11,982,460
Expenses payables (Refer note 40 for details of dues to Micro Small & Medium Enterprises)	4,323,697	9,657,936
Payable to employees (Refer note 36)	7,004,659	9,739,379
Unclaimed dividend	167,691	167,691
Others:		
Tax deducted at Source (TDS) and Work Contract Tax (WCT) payable	452,583	471,351
Sales tax payable	913,991	1,088,689
Service tax payable	154,190	–
Provident Fund and Employee State Insurance payable	820,730	396,664
Wealth tax payable	55,665	73,724
	<b>754,642,090</b>	<b>370,604,609</b>

## 12: FIXED ASSETS

(Amount in ₹)

	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION & AMORTIZATION				NET BLOCK	
	As at April 1, 2013	Additions	Disposals/ adjustments	As at March 31, 2014	As at April 1, 2013	Depreciation, amortization and impairment for the year	Disposals/ adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>Own assets:</b>										
<b>Tangible assets</b>										
Freehold Land	46,354,701	-	-	46,354,701	-	-	-	-	46,354,701	46,354,701
Factory building	313,237,381	-	-	313,237,381	32,174,035	10,462,127	-	42,636,162	270,601,219	281,063,346
Office building	17,116,367	-	-	17,116,367	1,326,644	278,996	-	1,605,640	15,510,727	15,789,723
Plant and equipment	1,056,106,886	313,498	-	1,056,420,384	232,675,910	78,368,172	-	311,044,082	745,376,302	823,430,976
Moulds and dies	279,361,600	3,816,818	-	283,178,418	130,254,677	53,417,904	-	183,672,581	99,505,837	149,106,923
Furniture and fixtures	23,740,658	-	-	23,740,658	7,045,361	1,350,525	-	8,395,886	15,344,772	16,695,297
Vehicles	23,555,329	-	1,497,598	22,057,731	6,219,977	2,218,142	196,062	8,242,057	13,815,674	17,335,352
Computers	3,454,672	42,000	-	3,496,672	2,146,905	408,440	-	2,555,345	941,327	1,307,767
<b>Total tangible assets</b>	<b>1,762,927,594</b>	<b>4,172,316</b>	<b>1,497,598</b>	<b>1,765,602,312</b>	<b>411,843,509</b>	<b>146,504,306</b>	<b>196,062</b>	<b>558,151,753</b>	<b>1,207,450,559</b>	<b>1,351,084,085</b>
Previous year	756,877,144	1,037,447,675 Note: (a) and (b)	31,397,225	1,762,927,594	239,573,231	180,304,212 Note: (a) and (c)	8,033,934	411,843,509	1,351,084,085	-
<b>Own assets:</b>										
<b>Intangible assets</b>										
Computer software	5,904,923	-	-	5,904,923	5,015,937	486,838	-	5,502,775	402,148	888,986
<b>Total intangible assets</b>	<b>5,904,923</b>	<b>-</b>	<b>-</b>	<b>5,904,923</b>	<b>5,015,937</b>	<b>486,838</b>	<b>-</b>	<b>5,502,775</b>	<b>402,148</b>	<b>888,986</b>
Previous year	5,484,055	420,868	-	5,904,923	3,902,272	1,113,665	-	5,015,937	888,986	-

Note (a): In the previous year, addition to gross block included ₹ 604,101,400 and depreciation for the year included ₹ 45,230,144 pursuant to amalgamation (Refer note 47)

Note (b): Includes ₹ Nil (March 31, 2013: ₹ 12,855,561) of interest on borrowed funds.

Note (c): Depreciation for the previous year includes impairment loss of ₹ 1,504,263 on furniture and fixtures and plant and machinery as stated in the table below:

Year Ending March 31, 2013	Description	Gross Block	Accumulated depreciation	Impairment loss	Net block
	Furniture and fixtures	1,603,457	539,332	1,064,129	6
	Plant and machinery	859,201	419,057	440,134	Nil

(Amount in ₹)

March 31, 2014      March 31, 2013

## 13 : NON CURRENT INVESTMENTS

## Unquoted, Non – trade investments (valued at cost unless stated otherwise)

## Investment in subsidiaries

## JHS Svendgaard Dental Care Limited

3,89,901 (March 31, 2013 : 3,89,901) fully paid up equity shares of face value of ₹10 each      3,899,010      3,899,010

Less : Provision for diminution in value of investment      (3,899,010)      (3,899,010)

—      —

## Jones H Smith FZE, U.A.E.

1 (March 31, 2013 : 1) fully paid equity shares of face value of 100,000 Arab Emirates Dirham      1,088,330      1,088,330

Less : Provision for diminution in value of investment      (1,088,330)      (1,088,330)

—      —

## JHS Mechanical and Warehousing Private Limited

9,999 (March 31, 2013 : 9,999) fully paid up equity shares of face value of ₹ 10 each      99,990      99,990

**99,990      99,990**

Aggregate amount of quoted investments and market value thereof– ₹ Nil (March 31, 2013: ₹ Nil)

Aggregate amount of unquoted investments – ₹ 5,087,330 (March 31, 2013: ₹ 5,087,330)

Aggregate provision for diminution in value of investments – ₹ 4,987,340 (March 31, 2013: ₹ 4,987,340)

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



(Amount in ₹)

	March 31, 2014	March 31, 2013
<b>14 : LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured and considered good unless stated otherwise</b>		
Security deposit (Refer note 36)	7,277,815	8,096,810
Capital advances:		
– Considered good	57,973,871	158,660,357
– Considered doubtful	73,683,415	845,229
	131,657,286	159,505,586
Less: Provision for doubtful capital advances	(73,683,415)	(845,229)
	57,973,871	158,660,357
Advance tax including tax deducted at source (Net of provisions for income tax ₹ 6,719,106) (March 31, 2013: ₹ 6,719,106)	7,741,165	9,208,777
Loans and advances to related parties (Refer note 36)		
– Considered good	146,365,611	153,370,906
– Considered doubtful	1,909,167	1,854,772
	148,274,778	155,225,678
Less: Provision for doubtful advances to related parties	(1,909,167)	(1,854,772)
	146,365,611	153,370,906
Loans and advances to others		
– Considered doubtful	8,273,024	8,273,023
Less: Provision for doubtful advances to others	(8,273,024)	(8,273,023)
	–	–
Deposits with excise authorities	70,124	70,124
	<b>219,428,586</b>	<b>329,406,974</b>

	March 31, 2014	March 31, 2013
<b>15 : OTHER NON-CURRENT ASSETS</b>		
<b>Unsecured and considered good unless stated otherwise</b>		
Margin money deposits (Refer footnote 15.1)	1,563,061	493,061
Deposits having maturity period of more than twelve months	463,977	5,000
Interest accrued on non current fixed deposits	183,160	98,214
	<b>2,210,198</b>	<b>596,275</b>

15.1 Margin money deposits pledged with various government authorities.

	March 31, 2014	March 31, 2013
<b>16 : INVENTORIES (Valued at lower of cost and net realisable value)</b>		
Raw material	31,635,025	25,381,194
Packing material	9,142,810	8,057,616
Work-in-progress	16,369,104	26,291,336
Finished goods ( Refer footnote 16.1)	6,464,031	5,243,744
Stores and spares	5,283,180	5,115,159
	68,894,150	70,089,049
Less: Provision for obsolete stock	10,700,700	9,386,930
	<b>58,193,450</b>	<b>60,702,119</b>

16.1 Finished goods include excise duty amounting to ₹. 50,278 (March 31, 2013: ₹. 50,278)

(Amount in ₹)

	March 31, 2014	March 31, 2013
<b>17 : TRADE RECEIVABLES (Refer footnote 17.1)</b>		
<b>Unsecured and considered good unless stated otherwise</b>		
Outstanding for a period exceeding six months from the date they were due for payment (Refer footnote 17.2)		
Considered good	20,246,889	154,952,010
Considered doubtful	147,013,483	1,627,780
	167,260,372	156,579,790
Less: Provision for doubtful debts	(147,013,483)	(1,627,780)
	20,246,889	154,952,010
Other receivables	37,571,381	91,144,148
	<b>57,818,270</b>	<b>246,096,158</b>

17.1 During the previous year ended March 31, 2013, the Company, with a view to present a true and fair view in the financial statements, had written off trade receivables amounting ₹ 482,892,640 by setting off against the securities premium account as those receivables were considered non recoverable despite persistent efforts for recovery and legal action against some of the parties. The Company had passed a special resolution in the Extra Ordinary General Meeting held on April 25, 2013 to approve this arrangement and had subsequently filed relevant petition with the Honourable High Court of Himachal Pradesh, on May 24 2013.

17.2 Includes amount due from related parties. Refer note 36.

	March 31, 2014	March 31, 2013
<b>18 : CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
On current accounts	20,042,779	1,331,363
Deposits with original maturity of 3 months or less	869,350	1,810,940
Cash on hand	56,629	84,917
<b>Other bank balances</b>		
Margin money (Refer footnote 18.1)	1,834,232	2,603,499
Deposits with original maturity of more than three months but realizable within twelve months from Balance Sheet date	444,545	1,892,506
Unpaid dividend	167,691	167,691
	<b>23,415,226</b>	<b>7,890,916</b>

18.1 Margin money deposits with a carrying amount of ₹ 3,397,293 (March 31, 2013: ₹ 3,096,560) are with various government authorities.

	March 31, 2014	March 31, 2013
<b>19. SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured and considered good unless stated otherwise</b>		
Loans and advances to related parties (Refer note 36)	—	1,107,000
Loans and advances to employees	464,596	874,751
Other loans and advances:		
— Balances with statutory/government authorities		
Service tax receivable	3,976	3,976
Value Added tax	6,322,358	6,170,745
— Advance to suppliers	3,633,591	1,365,397
— Prepaid expenses	538,110	1,388,299
— Advance to suppliers— Considered doubtful	824,250	824,250
Less: Provision for doubtful advances	(824,250)	(824,250)
— Loans and advances to corporates and others	141,136,992	147,936,992
	151,635,027	156,865,409
	<b>152,099,623</b>	<b>158,847,160</b>
	<b>March 31, 2014</b>	<b>March 31, 2013</b>

## 20 : OTHER CURRENT ASSETS

### Unsecured and considered good unless stated otherwise

Interest accrued but not due on fixed deposits	110,495	183,910
	<b>110,495</b>	<b>183,910</b>

(Amount in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
<b>21: REVENUE FROM OPERATIONS</b>		
<b>Revenue from operations</b>		
Sale of manufactured goods (Refer note 45 and 36)		
Domestic	316,177,333	229,980,330
Export	–	65,616,923
Service income–Job work	33,157,920	178,784,290
	<u>349,335,253</u>	<u>474,381,543</u>
<b>Other operating revenue</b>		
Reimbursement of expenses	2,654,816	83,856,833
Scrap sales	806,403	2,333,977
	<u>352,796,472</u>	<u>560,572,353</u>
<b>Revenue from operations (gross)</b>		
Less: Excise duty (Refer footnote 21.1)	–	–
	<u>352,796,472</u>	<u>560,572,353</u>
<b>Revenue from operations (net)</b>		
	<u><b>352,796,472</b></u>	<u><b>560,572,353</b></u>

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

	Year ended March 31, 2014	Year ended March 31, 2013
<b>22: OTHER INCOME</b>		
Interest income on		
Fixed deposits	487,989	387,055
	<u>(A) 487,989</u>	<u>387,055</u>
Other non operating income		
Provision no longer required written back	1,627,780	372,173
Excess provision for gratuity written back (Refer note 34)	1,176,931	–
Excess provision for leave encashment written back (Refer note 34)	406,752	–
Government grant (Refer note 5)	300,000	300,000
Foreign exchange gain (net)	3,604,904	34,121,019
Profit on sale of fixed assets (net)	–	4,314,039
Freight and forwarding recovered (net)	2,248,828	–
Liability no longer required written back	239,935	–
Turnover and other discounts	27,944,011	–
Miscellaneous income	46,770	768,110
	<u>(B) 37,595,911</u>	<u>39,875,341</u>
	<u><b>(A)+(B) 38,083,900</b></u>	<u><b>40,262,396</b></u>

	Year ended March 31, 2014	Year ended March 31, 2013
<b>23.: COST OF MATERIALS CONSUMED</b>		
Cost of raw materials consumed		
Stock at the beginning of the year	25,381,194	66,777,732
Add: Balance transferred pursuant to amalgamation (Refer note 47 )	–	2,227,543
Add: Purchases	151,181,589	82,836,180
	<u>176,562,783</u>	<u>151,841,455</u>
Less: Stock at the end of the year	31,635,025	25,381,194
	<u><b>144,927,758</b></u>	<u><b>126,460,261</b></u>
Cost of packing materials consumed		
Stock at the beginning of the year	8,057,616	10,149,285
Add: Balance transferred pursuant to amalgamation (Refer note 47)	–	2,147,698
Add: Purchases	44,352,091	51,007,303
	<u>52,409,707</u>	<u>63,304,286</u>
Less: Stock at the end of the year	9,142,810	8,057,616
	<u><b>43,266,897</b></u>	<u><b>55,246,670</b></u>
Cost of stores and spares consumed		
Stock at the beginning of the year	5,115,159	307,867
Add: Balance transferred pursuant to Amalgamation (Refer note 47)	–	714,999
Add: Purchases	168,021	5,115,161
	<u>5,283,180</u>	<u>6,138,027</u>
Less: Stock at the end of the year	5,283,180	5,115,159
	<u>–</u>	<u><b>1,022,868</b></u>
	<u><b>188,194,655</b></u>	<u><b>182,729,799</b></u>

(Amount in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
<b>24: (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
<b>Finished goods</b>		
At the beginning of the year	5,243,744	10,482,660
Less: At the end of the year	6,464,031	5,243,744
	<b>(1,220,287)</b>	<b>5,238,916</b>
<b>Work-in-progress</b>		
At the beginning of the year	26,291,336	50,129,210
Add: Purchases	9,616,510	9,559,804
Less: At the end of the year	16,369,104	26,291,336
	<b>19,538,742</b>	<b>33,397,678</b>
	<b>18,318,455</b>	<b>38,636,594</b>

	Year ended March 31, 2014	Year ended March 31, 2013
<b>25: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages, bonus and other allowances	89,058,233	90,006,519
Contribution to provident and other funds (Refer note 34)	1,826,707	2,810,158
Workmen and staff welfare expenses	791,373	1,542,929
Gratuity expense (Refer note 34)	—	360,855
Leave encashment (Refer note 34)	—	310,246
	<b>91,676,313</b>	<b>95,030,707</b>

	Year ended March 31, 2014	Year ended March 31, 2013
<b>26: FINANCE COSTS</b>		
Interest expense (Refer footnote 26.1)	123,733,140	87,585,514
Other borrowing cost (loan processing fee/other charges)	125,363	100,000
Interest on delay in deposit of tax deducted at source	12,874	412,122
Exchange differences to the extent considered as an adjustment to borrowing cost	16,828,002	15,310,190
	<b>140,699,379</b>	<b>103,407,826</b>

26.1 This is exclusive of interest expense amounting ₹ nil capitalised during the year (March 31, 2013: ₹ 2,696,794).

	Year ended March 31, 2014	Year ended March 31, 2013
<b>27: DEPRECIATION, AMORTISATION &amp; IMPAIRMENT (Refer footnote 27.1)</b>		
Depreciation of tangible assets	146,504,306	135,074,068
Amortisation of intangible assets	486,838	1,113,665
	<b>146,991,144</b>	<b>136,187,733</b>

27.1 Depreciation on tangible assets for previous year excludes depreciation amounting to Rs. 45,230,144 which relates to amalgamation and which has been shown as extra ordinary item.

	Year ended March 31, 2014	Year ended March 31, 2013
<b>28. OTHER EXPENSES</b>		
Rent (Refer note 37)	3,457,755	3,084,036
Advertisement expenses	363,061	382,795
Bank charges	682,555	946,673
Business promotion expenses	2,126,341	4,818,253
Brand promotion expenses	264,355	—
Repairs and maintenance		
Plant and machinery	6,531,933	8,064,324
Building	643,613	4,878,545
Others	2,009,596	3,903,829
Provision for doubtful loan and advances	54,394	10,127,795
Provision for doubtful receivables	652,574	—
Provision for slow moving inventories	1,313,770	3,040,057
Advances written off	—	5,324,037

(Amount in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
<b>28. OTHER EXPENSES (Contd...)</b>		
Provision for diminution in value of investment	–	4,012,587
Freight and cartage outward	754,976	8,136,586
Insurance	1,143,118	1,893,689
Legal and professional fees	13,519,771	6,609,740
Rates and taxes	1,552,443	2,357,640
Telephone and postage	1,483,286	1,959,161
Printing and stationery	436,645	1,908,980
Travelling and conveyance expenses	8,766,919	10,147,243
Loss on sale of fixed assets (Net)	43,021	–
Directors' sitting fees	177,777	146,000
Job work charges	12,962,885	17,996,247
Consumable expenses	1,231,130	2,877,982
Power and fuel	25,831,007	20,426,568
Testing charges	151,692	776,863
Auditor's remuneration (Refer note 39)	1,066,820	1,197,472
Office maintenance	3,215,087	3,311,514
Miscellaneous expenses	2,681,078	1,250,211
	<b>93,117,602</b>	<b>129,578,827</b>

	Year ended March 31, 2014	Year ended March 31, 2013
<b>29: EXCEPTIONAL ITEMS</b>		
(a) Provision for doubtful receivables	146,360,909	–
(b) Provision for doubtful advances	72,838,186	–
(c) Liabilities no longer required written back	(154,501,657)	–
	<b>64,697,438</b>	<b>–</b>

- (a) During the year, the Company as part of its regular recoverability evaluation process has identified certain trade receivables which were doubtful of recovery or did not have recoverable value equivalent to the book value. Accordingly, on a prudent basis, the management has recorded a provision of ₹ 146,360,909 in the books of account towards such trade receivables or portions thereof, which were doubtful of recovery. The management is continuously monitoring the settlement of these balances and is regularly following up with respective parties for recovery of the said trade receivables. The management believes that existing provision recorded in books is sufficient to cover any possible future losses on account of non recovery of such trade receivables.
- (b) During the year, the Company as part of its regular recoverability evaluation process has identified certain capital and other advances which were doubtful of recovery or did not have recoverable value equivalent to the book value. Accordingly, on a prudent basis, the management has recorded a provision of ₹ 72,838,186 in the books of account towards such advances or portions thereof, which were doubtful of recovery. The management is continuously monitoring the settlement of these balances and is regularly following up with respective parties for recovery of the said advances. The management believes that other advances which have not been provided for, although have been long outstanding are fully recoverable, hence, the management believes that existing provision recorded in books is sufficient to cover any possible future losses on account of non recovery of such advances.
- (c) During the year, the Company carried out a detailed exercise to review its long outstanding payables and pursuant to such exercise, has written back an amount of ₹ 154,501,657 payable to various parties as in the opinion of the management such amounts were not payable to respective parties. Such old unpaid balances were mainly due to the fact that certain vendors had supplied less than billed quantity, defective or sub-standard material or material not meeting specifications given by the Company. The management does not expect any liability to devolve on the Company in respect of balances so written back.

	Year ended March 31, 2014	Year ended March 31, 2013
<b>30: PRIOR PERIOD EXPENSE (NET)</b>		
Repair & maintenance	–	49,635
Travelling expenses	–	359,210
Wages	–	102,883
Conveyance expenses	20,447	84,370
Legal and professional expenses	–	24,891
Other income	–	(225,945)
Insurance expenses	–	76,239
	<b>20,447</b>	<b>471,283</b>



## 31. Contingent liabilities

(Amount in ₹)

	March 31, 2014	March 31, 2013
Claims made against the Company not acknowledged as debts		
a. Sales tax demand for non submission of statutory forms for the year 2007–08 (paid under protest ₹ 473,011, March 31, 2013: ₹ 473, 011) (Refer footnote i)	473,011	473,011
b. Winding up petition filed against the Company (Refer footnote ii)	1,200,000	–
c. Case filed by fixed assets vendor for moulds and legal charges	1,461,000	1,461,000
i. There was a sales tax demand for non submission of statutory forms for the year 2007–08. The Company had preferred an appeal before the Commissioner of Sales tax and deposited the amount under protest. The demand has been deleted by Additional Commissioner, Sales tax, Noida vide its order dated May 20, 2014 which is now refundable.		
ii. A service provider of the Company had filed a petition for winding of the Company before the Hon'ble High Court of Himachal Pradesh at Shimla. The Hon'ble high Court of Himachal Pradesh at Shimla has decided the case but has not pronounced its judgement and reserved it for a later date. The Management is of the opinion that there will be no likely outflow and the judgement would be in favour of the Company. Hence, no provision is required in the books.		

## 32. Capital and other material commitments:

(Amount in ₹)

Particulars	March 31, 2014	March 31, 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances ₹ 57,939,463 (March 31, 2013: ₹ 83,840,417)	215,854,537	195,084,999
Other Material Commitments	–	–
<b>Total</b>	<b>215,854,537</b>	<b>195,084,999</b>

## 33. Capital work in progress

(Amount in ₹)

Particulars	March 31, 2014	March 31, 2013
Capital work in progress		
<b>Opening balance (A)</b>	<b>–</b>	<b>244,483,953</b>
Add: Additions during the year	–	–
Building*	–	27,939,213
Plant and machinery*	–	20,111,035
Moulds and dies	–	71,076,192
Furniture and fixture*	–	700,315
Computer	–	113,934
Interest on borrowed capital	–	2,696,794
<b>(B)</b>	<b>–</b>	<b>122,637,483</b>
Less : Capitalisation during the Year	–	–
Building	–	27,939,213
Plant and machinery	–	239,708,360
Mould and dies	–	93,371,724
Furniture and fixture	–	5,745,072
Computer	–	172,997
Less: Debited to repair and maintenance	–	184,070
<b>(C)</b>	<b>–</b>	<b>367,121,436</b>
<b>Balance at the yearend (A) + (B) – (C)</b>	<b>–</b>	<b>–</b>

\* Previous year figures include the below stated balances pursuant to amalgamation (Refer note 47):

Particulars	JHS Svendgaard Hygiene Products Limited	Wave Hygiene Products	Total
Building	17,708,018	7,044,914	24,752,932
Plant and machinery	3,113,439	13,494,878	16,608,317
Furniture and fixture	–	279,861	279,861
<b>Total</b>	<b>20,821,457</b>	<b>20,819,653</b>	<b>41,641,110</b>

### 34. Employee benefit obligations

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

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

Particulars	(Amount in ₹)	
	Year ended March 31, 2014	Year ended March 31, 2013
Contribution to Provident fund*	1,335,986	2,020,193
Contribution to Employees' State Insurance Scheme*	490,721	789,965
<b>Total</b>	<b>1,826,707</b>	<b>2,810,158</b>

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

- b) **Defined benefit plan**

**Gratuity** – The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit (PUC) method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations.

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

#### I. Actuarial assumptions

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
<b>Economic assumptions:</b>				
Discount rate (p.a.)	9.10%	8.10%	9.10%	8.10%
Rate of escalation in salary (p.a.)	7.00%	7.00%	7.00%	7.00%
Rate of availing leave in the long run (p.a.)	–	–	11.00%	2.00%
<b>Demographic assumptions:</b>				
Retirement age	58 Years			
Mortality table (IALM)	IALM(2006–08)(March 31, 2013: LIC (1994–96) duly modified)			
Withdrawal rates (All ages)	7.00%			

#### Note:

The discount rate has been assumed at 9.10% (March 31, 2013: 8.10%) which is determined by reference to market yield at the Balance Sheet date on Government Securities. The estimate for rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Defined benefit obligation at the beginning of the year	3,180,443	2,595,767	1,647,471	1,095,094
Defined benefit obligation of merged entity	–	505,316	–	451,357
Interest cost	257,616	266,693	133,445	132,995
Past service cost	–	–	–	–
Current service cost	460,123	1,219,609	109,135	574,870
Curtailment Cost/(Credit)	–	–	(58,449)	–
Actuarial (gain)/loss on obligation	(1,894,670)	(1,125,447)	(590,883)	(397,619)
Benefits paid	(92,560)	(281,495)	(604,024)	(209,226)
Present value of obligation at the end of the year	1,910,952	3,180,443	636,695	1,647,471
Short term provisions (Refer note 8)	148,966	100,709	126,308	172,442
Long term provisions (Refer note 8)	1,761,986	3,079,734	510,387	1,475,029

**III. Expense recognized during the year**

(Amount in ₹)

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	460,123	1,219,609	109,135	574,870
Interest cost	257,616	266,693	133,445	132,995
Curtailment Cost/(Credit)	—	—	(58,449)	—
Net Actuarial (gain)/loss recognized	(1,894,670)	(1,125,447)	(590,883)	(397,619)
Expenses/ (income) recognized in the Statement of Profit and Loss (Refer note 25)	(1,176,931)	360,855	(406,752)	310,246

**IV. Experience adjustment**

(Amount in ₹)

Particulars	Gratuity (unfunded)				
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Present value of obligation	1,910,952	3,180,443	2,595,767	870,838	1,191,509
Deficit	(1,910,952)	(3,180,443)	(2,595,767)	(870,838)	(1,191,509)
Experience gain/ (loss) on present benefit obligation	1,708,615	1,289,250	(915,941)	645,937	132,256

Particulars	Leave Benefits (unfunded)				
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Present value of obligation	636,695	1,647,471	1,095,094	—	—
Deficit	(636,695)	(1,647,471)	(1,095,094)	—	—
Experience gain/ (loss) on Present Benefit Obligation	691,759	457,773	27,721	—	—

**V. Employer's best estimate of contribution towards gratuity during the next year is ₹ 747,415 (March 31, 2013: ₹ 1,037,816)**

Employer's best estimate of contribution towards leave benefits during the next year is ₹ 234,033 (March 31, 2013: ₹ 556,157)

**35. Segment reporting (As per AS – 17 Segment Reporting)**

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

**36. Related party disclosures**

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

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

S. No.	Relationships	Name of Related Party
i.	Enterprise under control of the reporting enterprise (Subsidiary companies)	a) Jones H. Smith, FZE (United Arab Emirates) b) JHS Svendgaard Dental Care Limited (India) c) JHS Mechanical and Warehousing Private Limited (India) (formerly known as JHS Svendgaard Entertainment Private Limited) (has become subsidiary with effect from 21.06.2012)
ii.	Individuals having significant influence over the Company and Key Management Personnel (KMP)	a) Mr. Nikhil Nanda (Managing Director)
iii.	Relatives of persons in (ii)	a) Mrs Sushma Nanda (Mother of Mr. Nikhil Nanda)
iv.	Enterprises over which significant influence can be exercised by persons mentioned in (ii) and (iii) above or enterprise that have a member of key management in common with the reporting enterprise.	a) Berco Engineering Private Limited b) Dr. Fresh Inc, USA. c) Sunehari Exports Limited d) Number One Real Estate Private Limited e) JHS Svendgaard Infrastructure Private Limited f) Apogee Manufacturing Private Limited g) Dr. Fresh IT Parks Private Limited h) Magna Waves Impex Private Limited

- b. Transactions with related parties taken place during the year. Details of material transactions are not shown separately as the details of related parties are already disclosed under:

(Amount in ₹)

S. No.	Transactions	Key management personnel and relatives of key management personnel	Enterprises over which key management personnel and their relatives exercise significant influence	Subsidiary companies
<b>a.</b>	<b>Revenue:</b>			
(i)	<b>Sales of products</b>			
	– Dr. Fresh Inc., USA	– (–)	– (62,293,743)	– (–)
<b>b.</b>	<b>Expenditure:</b>			
(i)	<b>Rent expenses</b>			
	– Nikhil Nanda	– (337,080)	– (–)	– (–)
	– Number One Real Estate Private Limited	– (–)	2,224,728 (2,073,042)	– (–)
(ii)	<b>Electricity expenses</b>			
	– Nikhil Nanda	– (203,440)	– (–)	– (–)
	– Number One Real Estate Private Limited	– (–)	835,024 (883,826)	– (–)
(iii)	<b>Directors Remuneration#:</b>			
	– Nikhil Nanda	2,400,000 ( 2,400,000)	– (–)	– (–)
<b>c.</b>	<b>Unsecured loans:</b>			
(i)	<b>Loans taken</b>			
	– Nikhil Nanda	– (9,050,000)	– (–)	– (–)
	– Sushma Nanda	– (49,990)	– (–)	– (–)
	– Apogee Manufacturing Private Limited	– (–)	76,180,730 (–)	– (–)
(ii)	<b>Loans repaid:</b>			
	– Apogee Manufacturing Private Limited	– (–)	125,290,000 (87,043,280 )	– (–)
	– Nikhil Nanda	11,800,000 (10,540,000)	– (–)	– (–)
	– Sushma Nanda	(–) (–)	– (–)	– (–)
<b>d.</b>	<b>Loans and advances:</b>			
(i)	<b>Loans and advances given (including security deposits)</b>			
	– JHS Svendgaard Dental Care limited	– (–)	– (–)	54,394 (349,050)
	– JHS Svendgaard Mechanical and Warehouse Private Limited (Formerly Known as JHS Svendgaard Entertainment Private Limited)	– (–)	– (–)	47,100 (3,322,459)
	– Number One Real Estate Private Limited	– (–)	– (20,390,000)	– (–)
(ii)	<b>Repayment received:</b>			
	– JHS Svendgaard Infrastructure Private Limited	– (–)	5,000,000 –	– (–)
	– Magna Waves Impex Private Limited	– (–)	1,107,000 –	– (–)

<b>e.</b>	<b>Investment made:</b>			
	– JHS Mechanical and Warehousing Private Limited	–	–	–
		(–)	(–)	(99,990)
<b>f.</b>	<b>Equity shares issued:</b>			
	– Nikhil Nanda	–	–	–
		(29,252,540)^	–	–
	– Harish Chander Nanda	–	–	–
		(179,270)^	–	–
	– Sushma Nanda	–	–	–
		(179,270)^	–	–
<b>g.</b>	<b>Provision made– Loans and advances</b>			
	– JHS Svendgaard Dental Care Limited	–	–	54,394
		(–)	(–)	(–)
<b>h.</b>	<b>Provision made– trade receivables</b>			
	– Dr Fresh Inc, USA	–	111,896,640	–
		(–)	(–)	(–)
<b>i.</b>	<b>Provision made– investments</b>			
	– JHS Svendgaard Dental Care Limited	–	–	–
		(–)	(–)	(2,924,257)
	– Jones H. Smith	–	–	–
		(–)	(–)	(1,088,330)

^ Shares issued pursuant to the merger (Refer Note 47).

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

**c. Balances with Related parties– Details of material balances are not shown separately as the balances of related parties are already disclosed below:**

(Amount in ₹)

<b>S. No.</b>	<b>Transactions</b>	<b>Key management personnel and relatives of key management personnel</b>	<b>Enterprises over which key management personnel and their relatives exercise significant influence</b>	<b>Subsidiary companies</b>
<b>a.</b>	<b>Payables</b>			
(i)	<b>Unsecured loan:</b>			
	– Nikhil Nanda*	138,183,525	–	–
		(149,443,525)	(–)	(–)
	– Apogee Manufacturing Private Limited*	–	–	–
		(–)	(49,109,270)	(–)
	– Sushma Nanda	1,234,333	–	–
		(–)	(–)	(–)
(ii)	<b>Other liabilities:</b>			
	– Nikhil Nanda	–	–	–
		(1,079,986)	(–)	(–)
<b>b.</b>	<b>Receivables:</b>			
(i)	<b>Loans and advances (including security deposits):</b>			
	– JHS Svendgaard Dental Care limited	–	–	403,445
		(–)	(–)	(349,050)
	– Jones H Smith, FZE	–	–	1,505,722
		(–)	(–)	(1,505,722)
	– JHS Svendgaard Mechanical and Warehouse Private Limited (Formerly Known as JHS Svendgaard Entertainment Private Limited)*	–	–	129,581,453
		(–)	(–)	(129,534,353)



(ii)	- Number One Real Estate Private Limited	-	16,784,158	-
		(-)	(18,836,553)	(-)
	- JHS Svendgaard Infrastructure Private Limited*	-	-	-
		(-)	(5,000,000)	(-)
	- Sunehari Exports Limited	-	436,125	-
		(-)	(436,125)	(-)
	- Magna Waves Impex Private Limited *	-	-	-
		(-)	(1,107,000)	(-)
	<b>Trade receivables (excluding provision if any) :</b>			
	- Dr. Fresh Inc., USA	-	119,323,697	-
c.		(-)	(118,442,467)	(-)
	- Sunehari Exports Limited	-	9,714	-
		(-)	(9,714)	(-)
	<b>Investments at cost (excluding provision if any):</b>			
	- JHS Svendgaard Dental Care Limited	-	-	3,899,010
		(-)	(-)	(3,899,010)
	- Jones H Smith, FZE, U.A.E	-	-	1,088,330
		(-)	(-)	(1,088,330)
	- JHS Svendgaard Mechanical and Warehouse Private Limited (Formerly Known as JHS Svendgaard Entertainment Private Limited)	-	-	99,990
		(-)	(-)	(99,990)
d.	<b>Provision:</b>			
(i)	<b>Provision for doubtful loans and advances</b>			
	- JHS Svendgaard Dental Care Limited	-	-	403,445
		(-)	(-)	(349,050)
	- Jones H. Smith	-	-	1,505,722
		(-)	(-)	(1,505,722)
(ii)	<b>Provision for doubtful trade receivables</b>			
	- Dr Fresh Inc, USA	-	111,896,640	-
		(-)	(-)	(-)
(iii)	<b>Impairment of Investments</b>			
	- JHS Svendgaard Dental Care Limited	-	-	3,899,010
		(-)	(-)	(3,899,010)
	- Jones H. Smith, FZE, U.A.E	-	-	1,088,330
		(-)	(-)	(1,088,330)

\* Previous year figures include the amount of balances of the amalgamated entities for following parties:

Party Name	Nature	(Amount in ₹)
Nikhil Nanda	Unsecured loan	144,735,000
Apogee Manufacturing Private Limited	Loans and advances	136,152,550
JHS Svendgaard Mechanical and Warehouse Private Limited (Formerly Known as JHS Svendgaard Entertainment Private Limited)	Loans and advances	86,200,000
JHS Svendgaard Infrastructure Private Limited	Loans and advances	5,000,000
Magna Waves Impex Private Limited	Loans and advances	1,107,000

### 37. Obligation on long term, cancellable operating lease:

The Company has taken premises under cancellable operating leases with an option of renewal at the end of the lease term with mutual consent. There are scheduled escalation clauses. Lease rental expense of ₹ 3,457,755 (March 31, 2013: ₹ 3,084,036) charged to the Statement of Profit and Loss during the year.

**38. Loss per share**

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

S. No.	Particulars	Units	Year ended March 31, 2014	Year ended March 31, 2013
A	Loss after tax (Excluding extra ordinary item)	₹	287,957,825	125,917,363
	Loss after tax (Including extra ordinary item)	₹	287,957,825	42,093,185
B	Weighted average no. of equity shares	Nos.	24,095,252	24,095,252
	Add: Dilutive potential equity shares	Nos.	–	–
C	Number of equity shares for Dilutive EPS	Nos.	24,095,252	24,095,252
	Nominal value per share	₹	10	10
	Basic Loss per share (Excluding extra ordinary item) (A/B)	₹	11.95	5.23
	Basic Loss per share (Including extra ordinary item) (A/B)	₹	11.95	1.75
	Dilutive Loss per share (Excluding extra ordinary item) (A/C)	₹	11.95	5.23
	Dilutive Loss per share (Including extra ordinary item) (A/C)	₹	11.95	1.75

**39. Auditor's remuneration \***

(Amount in ₹)		
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Statutory audit fees	533,710	533,710
Tax audit fees	140,450	140,450
Other matters		
– Limited reviews	252,810	252,810
– Certification fees	–	192,697
– Out of pocket expenses	139,850	77,805
<b>Total</b>	<b>1,066,820</b>	<b>1,197,472</b>

\* Including service tax, where applicable

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

**41. Transactions in foreign currency**

(Amount in ₹)		
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>Expenditure</b>		
Travelling	152,028	1,413,635
<b>Total</b>	<b>152,028</b>	<b>1,413,635</b>
<b>Earnings</b>		
FOB value of exports	–	62,029,043
<b>Total</b>	<b>–</b>	<b>62,029,043</b>

42. Derivative instruments and un hedged foreign currency exposures as at March 31, 2014 are:

There are no derivative instruments during the year and as at March 31, 2014

**(a) Interest rate swaps**

The Interest on External Commercial Borrowings (ECB) and Foreign Currency Term Loan (FCTL) is agreed at Libor + 1.50% spread on ECB and Libor + 1.60% spread on FCTL. A hedging agreement was entered by the Company with ICICI Bank through which it was swapped to pay fixed Libor at 2.98 % for both ECB and FCTL fixing the total cost of interest to the Company at 4.48% for ECB and 4.58% for FCTL (i.e. 2.98% Libor + the spread of respective loans). The same has been closed as at the March 31, 2013.

**(b) Particulars of un hedged foreign currency exposure as on March 31, 2014**

Particulars	March 31, 2014			March 31, 2013		
	Currency	Foreign Currency	₹	Currency	Foreign Currency	₹
<b>A. Receivable in foreign currency</b>						
Trade receivables*	USD	2,494, 973	154,440,540	USD	3,166,134	172,202,735
Advance to Suppliers	USD	2,921	183,797	USD	1,820,422	82,688,284
<b>B. Payables in foreign currency</b>						
Trade payables	USD	156	9,350	USD	995	54,144
Foreign currency loans including interest	USD EUR	3,964,362 —	238,257,371 —	USD EUR	4,007,612 2,284,099	217,971,211 158,844,911

\* There is a provision of ₹ 146,360,909 ( March 31, 2013: ₹ Nil ) against these receivable balances.

**43. Details of consumption and purchases**
**a. Raw material and packing material consumed**

(Amount in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Nylon bristles	41,598,275	40,948,532
Anchor wire	9,147,253	7,061,152
Plastic granules	90,398,709	74,420,106
Packing/other material	47,050,418	59,277,142
<b>Total</b>	<b>188,194,655</b>	<b>181,706,932</b>

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

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	% age	Amount (₹)	% age	Amount (₹)
Raw material (including packing material)				
Imported	0.32%	601,962	3.93	7,141,276
Indigenous	99.68%	187,592,693	96.07	174,565,656
<b>Total</b>	<b>100.00</b>	<b>188,194,655</b>	<b>100.00</b>	<b>181,706,932</b>

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

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	% age	Amount (₹)	% age	Amount (₹)
Stores and Spares				
Imported	0.16	306,029	—	—
Indigenous	99.84	187,888,626	100.00	16,399,320
<b>Total</b>	<b>100.00</b>	<b>188,194,655</b>	<b>100.00</b>	<b>16,399,320</b>

**d. Value of imports on CIF basis**

(Amount in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Raw material	601,962	7,141,276
Capital goods	359,450	99,401,073
Spare Parts	306,029	—
<b>Total</b>	<b>1,267,440</b>	<b>106,542,349</b>

**e. Dividend amount remitted during the year in foreign currency**

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

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

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

(Amount in ₹)

Particulars	Jones H Smith, FZE, U.A.E.	JHS Svendgaard Dental Care Limited	JHS Mechanical and Warehouse Private Limited
Balance as at March 31, 2014 excluding provision	1,505,722 (1,505,722)	403,445 (349,050)	129,581,453 (129,534,353)
Maximum balance during the year ended March 31, 2014	1,505,722 (1,505,722)	403,445 (3,209,050)	129,581,453 (129,534,353)
Provision against loan balance as at March 31, 2014	1,505,722 (1,505,722)	403,445 (349,050)	— (—)

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

(Amount in ₹)

Particulars	Number One Real Estate Private Limited	Magna Waves Impex Private Limited	JHS Svendgaard Infrastructure Private Limited
Balance as at March 31, 2014@	16,784,158 (18,836,553)*	— (1,107,000)*	— (5,000,000)*
Maximum balance during the year ended March 31, 2014	18,836,553 (18,836,553)*	1,107,000 (1,107,000)*	5,000,000 (5,030,000)*

@ figures in bracket pertains to previous year.

\* Amount outstanding as loan to Number One Real Estate Private Limited, Magna Waves Impex Private Limited and JHS Svendgaard Infrastructure Private Limited is taken at book value pursuant to amalgamation of two entities (Refer note 47).

#### 45. Detail of sale of products:

(Amount in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Oral care products	314,830,853	291,449,259
Other products	1,346,480	4,147,994
<b>Total</b>	<b>316,177,333</b>	<b>295,597,253</b>

46. The Company has appointed independent consultants for conducting a Transfer Pricing Study to determine whether the transactions with associate enterprises were undertaken at "arms length basis". Adjustments, if any arising from the transfer pricing study shall be accounted for as and when the study is completed. The management confirms that all international transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms. The Transfer Pricing Certificate Under Section 92 E for the year ending March 31, 2013 has been obtained and there are no adverse comments requiring adjustments in these accounts.
47. During the previous year, JHS Svendgaard Hygiene Products Limited (Transferor Entity No-1) and Waves Hygiene Products (Transferor Entity No-2), have been amalgamated into JHS Svendgaard Laboratories Limited (Transferee), on a going concern basis with effect from appointed date i.e. March 31, 2010 pursuant to the order of Hon'ble High Court of Delhi and Hon'ble High Court of Himachal Pradesh:
- The scheme of amalgamation was sanctioned by the Hon'ble High Court of Delhi vide its order dated August 30, 2011 and the Hon'ble High Court of Himachal Pradesh at Shimla, vide its order dated May 28, 2012.
  - The order of the Hon'ble High Court of Himachal Pradesh was submitted to Registrar of Companies, Chandigarh on June 25, 2012.
  - After receipt of final order of Hon'ble High Court of Himachal Pradesh approving merger the Company applied for certified copy of Delhi High Court order as it is required to be filed with Registrar of Companies, Delhi. Accordingly the said copy was obtained on August 6, 2012.
  - The order of Hon'ble High Court of Delhi was submitted to Registrar of Companies, Delhi on August 8, 2012.
  - The operations of erstwhile JHS Svendgaard Hygiene Products Limited and Waves Hygiene Products were also engaged in the similar line of business into which JHS Svendgaard Laboratories Limited is engaged i.e. manufacturing of dental, oral care and hygiene products etc.
  - Pursuant to the scheme of amalgamation, JHS Svendgaard Laboratories Limited has issued shares to the shareholders of the transferor entities in the following manner:

- i. The equity shareholders of JHS Svendgaard Hygiene Products Limited have been allotted 158 fully paid up equity shares of ₹ 10 each for every 100 fully paid up equity shares of ₹10 each held in Transferor Company No. 1.
  - ii. The partners of Waves Hygiene Products have been allotted 1,792,746 fully paid up equity shares of ₹ 10 each in their capital contribution ratio.
- g) In terms of the scheme, the assets and liabilities of the transferor entities have been accounted for at their book value as it stood in their books of account. Accordingly, the difference of ₹ 19,973,776 in JHS Svendgaard Hygiene Products Limited and ₹ 44,824,437 in Waves Hygiene Products between the value of net assets acquired and the consideration as mentioned in para f above has been (debited)/credited to the amalgamation reserve.
- h) The amalgamation has been accounted for as per pooling of interest methods as referred to in paragraph 3(e) of 'Accounting Standard 14' issued by The Institute of Chartered Accountants of India for an amalgamation in the nature of merger.

Pursuant to the scheme of amalgamation the following arrangements/ adjustments has been recorded in the books of the Company:

- i. As a result of order of the Hon'ble High court of Delhi and the Hon'ble High court of Himachal Pradesh, the assets and liabilities and income and expenditure of transferor companies as in table 1 below stand vested in transferee Company w.e.f March 31, 2010 till March 31, 2012. Since the figures could not be incorporated with the assets and liabilities of the year ended March 31, 2012 or prior years as the order of High courts were received after the finalization of financial statements of both the Companies, the assets and liabilities as at March 31, 2012 (Table 2 below) have been added with the figures of transferee Company and profits of two years in transferor companies ₹ 83,824,177 have been shown as extra ordinary item in the Statement of Profit and Loss.

The following table summarizes the value of assets and liabilities taken over and the amount of consideration paid:

**Table 1 : BOOK VALUE OF ASSETS ACQUIRED AND LIABILITIES TAKEN**

Particulars	Amount as at March 31, 2010		
	JHS Svendgaard Hygiene Products Limited	Waves Hygiene Products	Total
<b>Assets</b>			
Fixed assets	266,788,646	22,887,447	289,676,093
Capital work in progress	7,013,920	35,098,616	42,112,536
Current assets , loans and advances	78,543,894	9,891,127	88,435,021
Miscellaneous expenditure and Profit and Loss (Dr.)	1,501,593	1,604,949	3,106,542
Deferred tax assets	15,826	–	15,826
Assets against capital issued in 2011 to Tano Mauritius India FVCI	6,329,110	–	6,329,110
<b>Total (A)</b>	<b>360,192,989</b>	<b>69,482,139</b>	<b>429,675,128</b>
<b>Liabilities</b>			
Current liabilities and provisions	24,291,393	3,308,139	27,599,532
Loan fund	219,900,382	3,422,103	223,322,485
Reserves and surplus	87,950,000	–	87,950,000
Cancellation of investment in Hygiene Products Limited	500,000	–	500,000
<b>Total (B)</b>	<b>332,641,775</b>	<b>6,730,242</b>	<b>339,372,017</b>
<b>Net assets taken over (A) –(B)</b>	<b>27,551,214</b>	<b>62,751,897</b>	<b>90,303,111</b>
<b>Amount of consideration</b>			
6,545,245 shares of ₹ 10 each (Refer note 3 a)	47,524,990	17,927,460	65,452,450
Amalgamation reserve– Adjustment to reserves	(19,973,776)	44,824,437	24,850,661
Less: Post merger adjustment of loss up to March 31, 2010 with capital reserve	587,247	381,374	968,621
<b>Net Balance taken to Balance sheet (Refer note 4.1)</b>	<b>(20,561,023)</b>	<b>44,443,063</b>	<b>23,882,040</b>



Table 2: BALANCE SHEET OF MERGED ENTITIES AS AT MARCH 31, 2012 IS PRODUCED BELOW

	JHS Svendgaard Hygiene Products Limited	Waves Hygiene Products	Total
<b>I Equity and Liabilities</b>			
<b>1. Shareholder's Funds :</b>			
a) Share capital	30,579,110	59,842,626	90,421,736
b) Reserve and surplus			
– Securities premium (Refer note 4.2)	176,120,890	–	176,120,890
– Profits of year ended March 1, 2011 and 2012 – shown as extra ordinary item in the Statement of Profit and Loss	22,004,733	61,819,444	83,824,177
– Debit balance of profit and loss	(587,247)	–	(587,247)
<b>2. Non – Current Liabilities:</b>			
a) Long term borrowing	66,310,392	280,887,550	347,197,942
b) Deferred tax liabilities	5,580,385	–	5,580,385
c) Long term provisions	906,487	–	906,487
<b>3. Current Liabilities:</b>			
a) Short term borrowing	10,368,966	–	1,036,966
b) Trade payable	58,437,672	24,978,673	83,416,345
c) Other current liabilities	95,702,733	1,201,236	96,903,969
d) Short term provisions	50,186	–	50,186
<b>Total</b>	<b>465,474,307</b>	<b>428,729,529</b>	<b>894,203,836</b>
<b>II ASSETS</b>			
<b>1. Non – current assets</b>			
<b>a) Fixed assets</b>			
i) Tangible assets	261,100,218	297,771,038	558,871,256
ii) Capital work in progress	20,821,457	20,819,654	41,641,111
	<b>281,921,675</b>	<b>318,590,692</b>	<b>600,512,367</b>
<b>b) Long term loans and advances</b>	120,082,778	25,394,135	145,476,913
<b>c) Current assets</b>			
i) Inventories	5,090,240	–	5,090,240
ii) Trade receivable	21,760,177	84,309,700	106,069,877
iii) Cash and bank balances	21,113,491	435,002	21,548,493
iv) Short term loan and advances	14,991,767	–	14,991,767
v) Other current assets	514,179	–	514,179
<b>Total</b>	<b>465,474,307</b>	<b>428,729,529</b>	<b>894,203,836</b>

- ii. Since during the year ended March 31, 2011 and March 31, 2012, the transferor entities JHS Svendgaard Hygiene Products Limited and Waves Hygiene Products were carrying on the business of the transferee Company, profits made during that year have been shown as the extraordinary item in the Statement of Profit and Loss for the year ended March 31, 2013. Also, all the items of expenses and sales during the current year have been included in the books of the Company on their nature.
- iii. Changes in respect of certain documents, papers etc. are pending for transfer in the name of the transferee Company.
- iv. Additions in Gross block and depreciation for the year—accumulated depreciation includes the below figures added on account of amalgamation of Svendgaard Hygiene Products Limited and Wave Hygiene Products.

Particulars	JHS Svendgaard Hygiene Products Limited		Wave Hygiene Products		Total gross block	Total accumulated depreciation
	Gross block	Accumulated depreciation	Gross block	Accumulated depreciation		
Land	14,361,502	–	22,887,447	–	37,248,949	–
Factory building	86,297,876	5,851,080	69,616,882	2,325,204	155,914,758	8,176,284
Plant and machinery	190,843,708	27,513,082	215,495,081	8,902,641	406,338,789	36,415,723
Mould and dies	–	–	–	–	–	–
Computer	396,808	94,395	13,745	2,228	410,553	96,623
Computer software	–	–	–	–	–	–
Furniture and fixture	2,730,306	415,502	422,548	26,747	3,152,854	442,249
Vehicle	381,182	37,105	654,315	62,160	1,035,497	99,265
<b>Total</b>	<b>295,011,383</b>	<b>33,911,164</b>	<b>309,090,018</b>	<b>11,318,980</b>	<b>604,101,400</b>	<b>45,230,144</b>
Capital work in progress		20,821,457		20,819,654		

48. The Company has been incurring operating losses and one of the key customer has wrongfully not renewed the contract with the Company. The Company has also defaulted in repayments of loans and interest due to the banks and one of the bankers has filed a case against the Company with Debts Recovery Tribunal (DRT). In order to come out of the above mentioned situation the Company is taking various steps. The Company has initiated legal proceedings against the said customer for not renewing the contract and putting the Company in financial distress. The Company is in the process of negotiating with the banks for settlement. The Company is also evaluating various options to revamp its finances. The Company is trying to expand its business with its other customers to run the plant and have recently launched its own brand to cover the operating losses. Accordingly, the accompanying financial statements for the year ended March 31, 2014 have been prepared assuming that the Company will continue as a going concern.
49. Previous year figures have been regrouped/ reclassified wherever considered necessary to conform to the presentation of current year's financial statements.

As per our report of even date attached.

**For Haribhakti & Co.**

Chartered Accountants

Firm Registration Number: 103523W

**Raj Kumar Agarwal**

Partner

Membership no.: 74715

**Place : New Delhi**

**Date : May 30, 2014**

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

**Nikhil Nanda**

Managing Director

**Vanamali Polavaram**

Director

**Isha Sablok**

Company Secretary

**Neeraj Kumar**

Chief Financial Officer

# INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT

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

We have audited the accompanying consolidated financial statements of JHS Svendgaard Laboratories Limited ("the Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2014, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Basis for Qualified Opinion

### (a) Going Concern

*The accompanying consolidated financial statements for the year ended March 31, 2014 have been prepared assuming that the Company will continue as a going concern. However, the Company has been incurring operating and cash losses, has defaulted in repayment of loans and interest due to banks, there have been delays in payment of statutory dues, salaries to employees and payment to vendors and has negative working capital. Further, there has been termination of contract by a major customer of the Company resulting in idle fixed assets. Such factors create substantial doubt about the ability of the Company to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of such uncertainty.*

### (b) Impairment of Assets-AS 28

*During earlier years, the Company had acquired substantial tangible fixed assets to carry out contract manufacturing for a major customer. Such major customer has terminated the contract resulting in some idle fixed assets. This and other internal factors indicate that the part of tangible fixed assets comprising plant & machinery which are being carried in the books at a written down value of ₹ 354,387,177 (Previous year ₹ 388,169,870) may be impaired. However, the management has not carried out any testing for impairment as required by Accounting Standard 28. Accordingly we are unable to comment on the necessity or otherwise to provide for an impairment loss in respect of these tangible assets as required by Accounting Standard 28. The effect of the non-provision of the impairment loss on assets, if any, cannot be quantified.*

### (c) Confirmations

*The confirmations from some of the legal counsels engaged by the Company in connection with matters related to indirect tax and other*

*matters including cases filed against the Company were not available for our verification. Accordingly, we are unable to comment on outcome of such matters and the consequential impact, if any, on the reported amounts of contingent liabilities and necessity of any provision required to be recorded.*

*Trade payables balance amounting to ₹ 23,978,283 due to nine parties are subject to confirmation and reconciliation, if any, and accordingly we were unable to confirm or verify by alternative means such trade payables included in the Balance Sheet as at March 31, 2014.*

## Qualified Opinion

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statement" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of JHS Svendgaard Laboratories Limited and its subsidiaries. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the two subsidiaries and management accounts for one subsidiary as mentioned in the 'Other Matter' paragraph below, *except for the effects to the matter described in the Basis for Qualified Opinion paragraph*, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of Matter

- We draw attention to Note 32 of the consolidated financial statements, wherein the management believes that in view of the profile of its vendors, there are no dues whatsoever to parties covered under the Micro Small Medium Enterprise Development Act, 2006.
- We draw attention to Note 29(a) of the consolidated financial statements, wherein the management has explained the basis for recording provision for doubtful debts in respect of certain trade receivables.
- We draw attention to Note 29(b) of the financial statements, wherein the management has explained the basis for recording provision for doubtful advances in respect of certain loans & advances and recoverability of other long outstanding advances.
- We draw attention to Note 29(c) of the financial statements, wherein the management has explained the basis for write-back of certain liabilities and provisions.

## Other Matter

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 1,272.25 Lakhs as at March 31, 2014, total revenues of ₹ Nil and net cash inflows amounting to ₹ 0.10 Lakhs for the year then ended. The financial statements of these two subsidiaries have been audited by other auditors whose reports have been furnished to us by the Management and our opinion is based solely on the reports of the other auditors. Further, financial statements of one subsidiary whose financial statements reflect total assets of ₹ 1,744.24 Lakhs as at March 31, 2014, total revenues of ₹ Nil and net cash outflow amounting to ₹ 151.52 Lakhs for the year then ended which has not been subjected to Audit. Our opinion is not qualified in respect of this matter.

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

**Raj Kumar Agarwal  
Partner  
Membership No. 074715**

**Place: New Delhi  
Date: 30th May, 2014**

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014**

(Amount in ₹)

	Notes	March 31, 2014	March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	240,952,520	240,952,520
Reserves and surplus	4	378,186,008	651,245,811
		<b>619,138,528</b>	<b>892,198,331</b>
Deferred government grant	5	2,100,000	2,400,000
<b>Non-current liabilities</b>			
Long term borrowings	6	132,182,741	193,019,550
Deferred tax liabilities (net)	7	–	67,455,337
Long term provisions	8	2,272,373	4,554,763
		<b>134,455,114</b>	<b>265,029,650</b>
<b>Current liabilities</b>			
Short term borrowings	9	329,070,375	565,980,169
Trade payables	10	53,760,909	216,249,228
Other current liabilities	11	754,711,281	370,745,160
Short term provisions	8	275,274	273,151
		<b>1,137,817,839</b>	<b>1,153,247,708</b>
<b>TOTAL</b>		<b>1,893,511,481</b>	<b>2,312,875,689</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets			
– Tangible assets	12	1,208,363,827	1,352,063,228
– Intangible assets	12	402,148	888,986
– Intangible assets under development		316,012	112,360
Long term loans and advances	13	216,047,133	326,140,326
Other non-current assets	14	2,210,198	596,275
		<b>1,427,339,318</b>	<b>1,679,801,175</b>
<b>Current assets</b>			
Inventories	15	58,193,450	60,702,118
Trade receivables	16	182,093,648	359,610,362
Cash and bank balances	17	23,548,985	8,053,553
Short term loans and advances	18	152,099,623	158,847,161
Other current assets	19	50,236,457	45,861,320
		<b>466,172,163</b>	<b>633,074,514</b>
<b>TOTAL</b>		<b>1,893,511,481</b>	<b>2,312,875,689</b>
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.			

As per our report of even date attached.

**For Haribhakti & Co.**

Chartered Accountants

Firm Registration Number: 103523W

**Raj Kumar Agarwal**

Partner

Membership no.: 74715

**Place : New Delhi****Date : May 30, 2014****For and on behalf of the Board of Directors of  
JHS Svendgaard Laboratories Limited****Nikhil Nanda**

Managing Director

**Vanamali Polavaram**

Director

**Isha Sablok**

Company Secretary

**Neeraj Kumar**

Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)

	Notes	Year ended March 31, 2014	Year ended March 31, 2013
<b>Income</b>			
Revenue from operations (Gross)	20	352,796,472	595,905,613
Less: Excise duty		—	—
Revenue from operations (Net)		352,796,472	595,905,613
Other income	21	38,084,356	40,493,135
<b>Total revenue</b>		<b>390,880,828</b>	<b>636,398,748</b>
<b>Expenses</b>			
Cost of materials consumed	22	188,194,655	182,753,551
Purchase of traded goods		—	28,584,522
(Increase)/decrease in inventories of finished goods, traded goods and work-in-progress	23	18,318,455	38,636,594
Employee benefits expense	24	91,722,745	98,562,534
Finance costs	25	140,703,227	103,434,304
Depreciation, amortisation and impairment	26	147,057,018	136,253,607
Other expenses	27	93,141,110	129,398,500
<b>Total expenses</b>		<b>679,137,210</b>	<b>717,623,612</b>
<b>Profit/ (loss) before exceptional items, extra ordinary items, prior period items and tax</b>		<b>(288,256,382)</b>	<b>(81,224,864)</b>
Less: Exceptional items	29	64,697,438	—
<b>Profit/ (loss) before extra ordinary items, prior period items and tax</b>		<b>(352,953,820)</b>	<b>(81,224,864)</b>
Less: Extra ordinary items (Refer note 41)		—	83,824,177
<b>Profit/ (loss) before prior period items and tax</b>		<b>(352,953,820)</b>	<b>2,599,313</b>
Less: Prior period expense /( income) (net)	28	20,447	(496,670)
<b>Profit/ (loss) before tax</b>		<b>(352,974,267)</b>	<b>3,095,983</b>
Tax expense:			
— Current tax		—	—
— Deferred tax charge / (benefit) (Refer note 7)		(67,455,337)	16,297,568
— Deferred tax charge / (benefit) for earlier years		—	22,450,848
— Tax for earlier years		2,578,100	1,960,926
<b>Total tax expense</b>		<b>(64,877,237)</b>	<b>40,709,342</b>
<b>Profit/ (loss) for the year</b>		<b>(288,097,030)</b>	<b>(37,613,359)</b>
Earnings/ (loss) per share (Nominal value ₹ 10/- share)	38		
— Basic and Diluted EPS (Including extra ordinary item)		(11.95)	(1.56)
— Basic and Diluted EPS (Excluding extra ordinary item)		(11.95)	(5.04)

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

As per our report of even date attached.

**For Haribhakti & Co.**

Chartered Accountants

Firm Registration Number: 103523W

**Raj Kumar Agarwal**

Partner

Membership no.: 74715

**Place : New Delhi**

**Date : May 30, 2014**

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

**Nikhil Nanda**

Managing Director

**Vanamali Polavaram**

Director

**Isha Sablok**

Company Secretary

**Neeraj Kumar**

Chief Financial Officer



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

(Amount in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before exceptional items, extra ordinary items, prior period items and tax	<b>(288,256,382)</b>	<b>(81,224,864)</b>
Adjustments for:		
<b>Exceptional item:</b>		
Provision for doubtful receivables	(146,360,909)	—
Provision made on doubtful loans and advances	(72,838,186)	—
Liabilities no longer required written back	154,501,657	—
Depreciation, amortisation and impairment	147,057,017	136,253,606
Interest income	(487,989)	(443,976)
Government grant amortisation (income)	(300,000)	(300,000)
Prior period expenses/(income) (net)	20,447	(478,083)
Provisions no longer required written back	(1,627,780)	(1,591,622)
Excess provision for gratuity written back	(1,176,931)	—
Excess provision for leave encashment written back	(406,752)	—
Loss/(profit) on sale of fixed assets	43,021	(4,314,039)
Provision for doubtful receivables (including exceptional items)	147,013,483	—
Liabilities no longer required written back (including exceptional items)	(154,741,592)	—
Provision for doubtful loans and advances (including exceptional items)	72,892,580	8,273,023
Turnover discount	(27,944,011)	—
Provision for diminution in value of investments	—	—
Provision for slow moving stock	1,313,770	3,040,057
Advances written off (Cenvat)	—	5,324,037
Unrealised Loss (gain) on foreign currency receivables and payables	(18,633,096)	(7,968,210)
Unrealised Loss (gain) on foreign currency borrowings	46,318,067	22,907,884
Interest and financial charges	140,703,272	103,449,801
	<b>(2,910,314)</b>	<b>182,927,614</b>
Adjustment for:		
Decrease in inventories	1,194,899	73,519,745
Decrease in trade receivables	50,723,236	297,756,301
Decrease/ (increase) in short term loans and advances	6,755,161	(69,587,699)
Decrease in other current assets	(4,388,471)	(6,992,580)
Decrease in long term loans and advances	7,769,895	195,012,144
Increase in other non-current assets	(1,528,977)	(11,228)
Increase/ (decrease) in trade payables	20,197,263	(324,642,541)
(Decrease)/increase in provisions	(696,584)	(3,397,528)
Increase in current liabilities	205,693,065	175,381,369
Profit of merged entities for the year FY 2010–11 and 2011–12	—	83,824,177
Cash generated from operations	282,809,173	603,789,774
Taxes paid	(1,110,488)	(8,744,722)
<b>Net cash generated from operating activities</b>	<b>281,698,685</b>	<b>595,045,052</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,172,316)	(147,609,404)
Movement in capital advances	27,848,300	(104,340,134)
Payment for intangibles under development	(203,652)	(112,360)
Sale of fixed assets	1,258,515	27,644,653
Maturity of deposits of more than three months	2,217,228	—
Investment in fixed deposits of more than three months	—	(1,514,280)
Purchase of investments	—	(99,990.00)
Decrease in investment on account of merger	—	500,000
Interest income received	487,989	443,976
<b>Net cash used in investing activities</b>	<b>27,436,064</b>	<b>(225,087,538)</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014 (Contd...)**

(Amount in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Increase) decrease in share capital on account of merger (Refer note 47 to Standalone 41)	—	(65,452,450)
(Increase) decrease in reserves on account of merger (Refer note Standalone 41)	—	(19,840,350)
Proceeds from/ (repayment of) long term borrowings	(3,601,199)	(152,396,371)
Dividend paid	—	(3,500)
Proceeds from/ (repayment of) short term borrowings	(147,051,696)	(55,647,228)
Interest and financial charges	(140,714,803)	(98,815,823)
<b>Net cash used in financing activities</b>	<b>(291,367,698)</b>	<b>(392,155,722)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>17,712,661</b>	<b>(22,198,208)</b>
Opening balance of cash and cash equivalents	3,389,856	25,588,064
Closing balance of cash and cash equivalents	<b>21,102,517</b>	<b>3,389,856</b>
Add: Deposits with original maturity of more than three months but realizable within 12 months from Balance Sheet date and unclaimed dividend account	2,446,468	4,663,697
<b>Cash and bank balance (Refer note 17)</b>	<b>23,548,985</b>	<b>8,053,553</b>

Notes:

- I. The accompanying notes form an integral part of the financial statements.
- II. The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 'Cash Flow Statement' specified in the Companies (Accounting Standards) Rules, 2006.

As per our report of even date attached.

**For Haribhakti & Co.**

Chartered Accountants

Firm Registration Number: 103523W

**Raj Kumar Agarwal**

Partner

Membership no.: 74715

**Place : New Delhi****Date : May 30, 2014****For and on behalf of the Board of Directors of  
JHS Svendgaard Laboratories Limited****Nikhil Nanda**

Managing Director

**Vanamali Polavaram**

Director

**Isha Sablok**

Company Secretary

**Neeraj Kumar**

Chief Financial Officer

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 1. BACKGROUND

JHS Svendgaard Laboratories Limited ("The Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in manufacturing a range of oral and dental products for elite national and international brands. The main portfolio of the Company is to carry out manufacturing and exporting of oral care and hygiene products including toothbrushes, toothpastes, mouthwash, sanitizers and job work of detergent powder.

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the relevant provision of the Companies Act, 1956, and guidelines issued by Securities and Exchange Board of India, to the extent applicable. The consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and consistent with those followed in the previous year.

#### b. Principles of Consolidation

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

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

- b) The consolidated financial statements have been prepared on the following basis:

- The consolidated financial statements have been prepared in accordance with the Accounting Standard 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and notified by Companies (Accounting Standards) Rules, 2006, (as amended).
- The financial statement have been consolidated on a line by line basis by adding together the book value of assets, liabilities, income & expenses, after fully eliminating intra group balances and intra group transaction resulting in unrealized profits/ losses, if any.
- The consolidated financial statements have been

prepared by using uniform accounting policies for like transaction and other events in similar circumstances and are presented to the extent possible in the same manner as those of the Parent Company independent financial statements unless stated otherwise.

- The operations of the foreign subsidiaries have been considered by the management, as non integral operation.
- The difference between the cost to the company of its investments in its subsidiary and its portion of equity of subsidiary at the dates they become subsidiary, is recognized in the financial statements as goodwill or capital reserve, as the case may be. This is based upon determination of pre-acquisition profit/loss and of the net worth on the date of acquisition determined by the management on the basis of certain estimates which have been relied upon by the auditors.
- Minority interest in the consolidated financial statement is identified and recognized after taking into consideration, the minority share of movement in equity since the date parent-subsidiary relationship came into existence. The profit/loss attributable to the minorities is adjusted against the income of the group in order to arrive at the net income attributable to the company.
- The consolidated financial statements are presented, to the extent possible and required, in the same format as that adopted by the Parent Company for its separate financial statements.

#### c. Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses. Although such estimates and assumptions are made on reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized. Any revision to accounting estimates is recognized in the current and future periods.

#### d. Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the above criteria, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

#### e. Tangible assets

Tangible assets are stated at the cost of acquisition or construction, less accumulated depreciation and impairment losses, if any. The cost of an item of tangible asset comprises its purchase price, including import duties and other non-

refundable taxes or levies and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid towards acquisition of tangible assets outstanding at each Balance Sheet date, are shown under long-term loans and advances and cost of assets not ready for intended use before the year end are shown as capital work-in-progress.

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

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

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

#### f. Intangible assets

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

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

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

#### g. Depreciation / Amortization

Depreciation on tangible assets except moulds and dies is provided on straight line method at rates specified as per Schedule XIV of the Companies Act, 1956 which in the opinion of the Management are reflection of the estimated useful lives of fixed assets. Moulds and dies are depreciated over a period of five years. Moulds and dies are depreciated over a period of five years.

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

Depreciation and amortization on addition to fixed assets is provided on pro-rata basis from the date the assets are ready for use. Depreciation and amortization on sale/discard from fixed assets is provided for upto the date of sale, deduction or discard of fixed assets as the case may be. Depreciation and amortization is provided by leaving a residual value of ₹ 1.

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

#### h. Impairment of assets

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

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

#### i. Cash and cash equivalents

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

#### j. Inventories

- 1) Raw materials, packaging materials and stores and spare parts are valued at the lower of cost and net realizable value. Cost includes purchase price (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.
- 2) Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis.
- 3) Excise duty liability, wherever applicable, is included in the valuation of closing inventory of finished goods. Excise duty payable on finished goods is accounted for upon manufacture and transfer of finished goods to the stores. Payment of excise duty is deferred till the clearance of goods from the factory premises.
- 4) Provision for obsolescence on inventories is made on the basis of management's estimate based on demand and market of the inventories.
- 5) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.
- 6) The comparison of cost and net realisable value is made on an item by item basis.

#### k. Revenue recognition

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

### **Sale of goods**

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

### **Interest Income**

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

### **Dividend Income**

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

### **Export Incentives**

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

### **Sale of Scrap**

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

### **Service Income**

Service income including job work in the course of ordinary activities is recognized on completed services basis and is recognized on the basis of service contracts.

### **Reimbursement Receipts**

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

## **I. Borrowing Cost**

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

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

## **m. Foreign currency transactions**

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

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

assets and liabilities are recorded at the rates prevailing on the date of the transaction.

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

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

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

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

## **n. Investments**

Investments that are readily realizable and are intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments. However that part of long term investments which is expected to be realized within 12 months after the reporting date is presented under "Current Assets" in consonance with current/non current classification scheme of Revised Schedule VI. The cost of an investment includes acquisition charges such as brokerage, fees and duties.

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

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

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

## **o. Employee Benefits**

### **Short term employee benefits:**

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

### **Long term employee benefits:**

*Defined contribution plans: Provident Fund*

All employees of the Company are entitled to receive benefits



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

*Defined contribution plans: Employee State Insurance*

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

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

*Defined Benefit Plans: Gratuity*

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

*Other long-term benefits: Leave benefits*

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

**p. Segment Reporting**

**Identification of segments**

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

**Allocation of common cost**

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

**Unallocated items**

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

**Segment policies**

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

**q. Accounting for taxes on income**

Income tax expenses comprises of current tax and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted as at the Balance Sheet date. Deferred tax assets are recognized for timing differences only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realized in future where as, in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognized only if, there is virtual certainty of realization supported by convincing evidence. Deferred tax assets are reviewed at each Balance Sheet date.

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

**r. Government grant**

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

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

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

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

**Provision**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.



### Contingent liabilities

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

### Contingent assets

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

### t. Earnings per share

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

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

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

### u. Leases

#### Operating lease

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

#### Finance lease

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

### v. Material events

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

## 3 : SHARE CAPITAL

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

	March 31, 2014		March 31, 2013	
	Numbers	Amount in ₹	Numbers	Amount in ₹
<b>Authorised shares</b>				
Equity shares of 10/- each (March 31, 2013 : ₹ 10/- each)	28,000,000	280,000,000	28,000,000	280,000,000
<b>Issued, subscribed &amp; fully paid up shares</b>				
Equity shares of ₹10/- each (March 31, 2013 : ₹ 10/- each)	24,095,252	240,952,520	24,095,252	240,952,520

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

Partivculars	March 31, 2014		March 31, 2013	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of the year	24,095,252	240,952,520	17,550,007	175,500,070
Add: Shares issued during the year to shareholders / partners of merged entities*	—	—	6,545,245	65,452,450
At the end of the year	24,095,252	240,952,520	24,095,252	240,952,520

\* Issued consequent to the scheme of amalgamation (Refer note 41)

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

Voting:

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

Dividends:

The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case where interim dividend is distributed. During the year ended March 31, 2014 and March 31, 2013, no dividend has been declared by the Company.

Liquidation:

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

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

(Number of shares)

	March 31, 2014	March 31, 2013
Equity issued to the shareholders of merged entities pursuant to the scheme of amalgamation	6,545,245	6,545,245

- d) Detail of shareholders holding more than 5% shares in the Company

	March 31, 2014			March 31, 2013		
	Numbers	% held	Amount in ₹	Numbers	% held	Amount in ₹
Equity shares of ₹10 each fully paid						
Nikhil Nanda	8,810,774	36.57%	88,107,740	8,810,774	36.57%	88,107,740
Tano Mauritius India FVCI	3,499,999	14.53%	34,999,990	3,499,999	14.53%	34,999,990

(Amount in ₹)

	March 31, 2014	March 31, 2013
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#### 4 : RESERVES AND SURPLUS

##### 4.1 Capital Reserves

Opening balance	24,112,040	230,000
Add: Amalgamation reserve on account of amalgamation (Refer note 41)	–	23,882,040
<b>Closing balance (A)</b>	<b>24,112,040</b>	<b>24,112,040</b>

##### 4.2 Securities Premium

Opening balance	344,318,448	651,090,198
Add: Premium transferred consequent to amalgamation (Refer note 41)	–	176,120,890
Less: Amount utilized towards setting off non recoverable trade receivables (Refer footnote 16.1)	–	482,892,640
<b>Closing balance (B)</b>	<b>344,318,448</b>	<b>344,318,448</b>

##### 4.3 Foreign Currency Translation Reserve

Foreign Currency Translation Reserve	38,652,053	23,614,826
<b>Closing balance (C)</b>	<b>38,652,053</b>	<b>23,614,826</b>

##### 4.4 General reserves

Opening balance	667,750	667,750
<b>Closing balance (D)</b>	<b>667,750</b>	<b>667,750</b>

##### 4.5 Minority interest

Minority interest	200,050	200,050
<b>Closing balance (E)</b>	<b>200,050</b>	<b>200,050</b>

##### 4.6 Surplus/ (deficit) in the Statement of Profit and Loss

Opening balance	258,332,697	299,321,656
Less: Loss for the year transferred from the Statement of Profit and Loss	288,097,030	(37,613,359)
Add: Opening reserves of JHS Mechanical & Warehouse Private Limited	–	(3,375,600)
<b>Closing balance (F)</b>	<b>(29,764,333)</b>	<b>258,332,697</b>
<b>Total Reserves and Surplus (A+B+C+D+E+F)</b>	<b>378,186,008</b>	<b>651,245,811</b>

#### 5: DEFERRED GOVERNMENT GRANT

Opening balance (Refer footnote 5.1)	2,400,000	2,700,000
Less: Current year amortisation over the balance life of the assets (Refer note 21)	300,000	300,000
<b>Closing balance</b>	<b>2,100,000</b>	<b>2,400,000</b>

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

#### 6 : LONG TERM BORROWINGS

Secured	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Indian rupee loan from banks (Term Loan) (Refer footnote 6.1)	129,573,787	52,756,122	77,720,000	81,525,800
Foreign currency loan from banks (buyers credit) (Refer footnote 6.1)	–	134,543,693	–	32,889,752
Foreign currency loan from banks (ECB and FCTL) (Refer footnote 6.1)	–	–	–	140,977,066
	129,573,787	187,299,815	77,720,000	255,392,618
				(Refer footnote 6.1)
Vehicle Loans	2,608,954	5,719,735	2,285,160	3,075,392
	132,182,741	193,019,550	80,005,160	258,468,010
Amount disclosed under the head other current liabilities	–	–	(80,005,160)	(258,468,010)
<b>Net amount</b>	<b>132,182,741</b>	<b>193,019,550</b>	<b>–</b>	<b>–</b>

6.1 The Company has defaulted in repayment of principal and interest (as specified in footnote 6.2) on various facilities availed from ICICI Bank Limited and Bank of India. The Company is in default since previous year ended March 31, 2013 and has failed to make good the default till date. During the current year, ICICI Bank Limited has filed a suit with Debt Recovery Tribunal (DRT) for recovery for all outstanding amounts. Accordingly, during the year, the Company has classified entire principal amount outstanding due to ICICI Bank Limited aggregating ₹ 442,507,333 as current liability (Refer note 11).

6.2 The detail of the continuing defaults in repayment to ICICI Bank Limited and Bank of India are as given below:

Bank Name	Type of facility	Principal amount due	Interest amount due	Period since in default
ICICI Bank Limited and Bank of India	Foreign Currency loans from Bank (ECB and FCTL)	108,264,533	19,885,092	FY 2012–13
	Indian Rupee loans from Banks, Foreign Currency loans from Bank (ECB and FCTL), Cash credit, Packing Credit, Working capital demand loan and Temporary overdraft.	373,102,799	135,765,316	FY 2013–14

6.3 Details of security, interest and principal repayment terms of borrowings for the year ended March 31, 2014:

<b>Indian rupee loan from banks (term loan)</b>	<b>Rate of interest</b>	Loan A– ₹ 30,393,030 @ 3.25% over Base Rate plus Tenor Premium 0.75% which is 14.25% p.a. Loan B– ₹ 103,888,892 @ 15.20% p.a.
	<b>Repayment terms</b>	Loan A–March 31, 2014: 20 Quarterly instalments of ₹ 9,715,000 each from April, 2013. Loan B– March 31, 2014: Refer footnote 6.1 above
	<b>Security</b>	a. Exclusive charge on movable and non–movable fixed assets being financed by the facility b. First pari passu charge on uncharged net block and second charge on current assets of the Company. c. Parri passu charge on the following properties of the Company mortgaged with ICICI Bank Limited. i. Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas. ii. Khasra no.89 measuring 4.18 bighas. iii. Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas. iv. Khata no. 85/1, measuring 4 bighas. v. Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala–Amb, Tehsil Nahan, District, Sirmour, HP (total land measuring 19.04 bighas) in the name of the Company. vi. Equitable mortgage of free hold project land measuring in Khata Khatauni no. 19 min/20 min, and Khasra no 86 measuring 3–3 bighas, Khata Khatauni no 21/22, Khasra No. 417/67, measuring 3 bigha khatra khatauni no 23/24, Khasra no 173/60 measuring 2–18 bighas 3 kites, total measuring 9–1 bighas, situated at Mauza Kheri, Tehsil Nahan, District – Sirmour, Himachal Pradesh. d. Personal guarantee of Mr. Nikhil Nanda limited to the value of 500,000 shares of the Company.
<b>Foreign currency loan from banks (buyers credit)</b>	<b>Rate of interest</b>	6 months LIBOR plus applicable margin which is in the range of 1– 1.25% p.a.
	<b>Repayment terms</b> <b>Security</b>	Coverted into loan B as at March 31, 2014. Coverted into loan B as at March 31, 2014.
<b>Foreign currency term loan (External Commercial Borrowings (ECB))</b>	<b>Rate of interest</b>	6 months LIBOR plus applicable margin of 1.5%, interest is in the range of 1.09– 2.01% p.a.
	<b>Repayment terms</b> <b>Security</b>	Refer footnote 6.1 above. a. Exclusive charge on all the movable fixed assets of the Company being financed by the facility. b. First Charge on all the immovable (subject to RBI approval) fixed assets of the Company being c. Equitable mortgage of the following properties on parri passu with ICICI Bank Limited: i. Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas. ii. Khasra no.89 measuring 4.18 bighas.

		<p>iii. Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas.</p> <p>iv. Khata no. 85/1, measuring 4 bighas.</p> <p>v. Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala-Amb, Tehsil Nahan, District, Sirmour, HP (total land measuring 19.04 bighas) in the name of the Company.</p> <p>d. Personal guarantee of Mr. Nikhil Nanda limited to the value of 4,204,446 shares of the Company.</p>
<b>Foreign currency term loan (Foreign Current Term Loan (FCTL))</b>	<b>Rate of interest</b>  <b>Repayment terms</b>  <b>Security</b>	<p>6 months LIBOR plus applicable margin of 1.6%, interest is in the range of 2.01–2.11% p.a.</p> <p>Refer footnote 6.1 above.</p> <p>a. Exclusive charge on all the movable fixed assets of the Company under Noida SEZ Unit, both Unit, both present and future.</p> <p>b. First Charge on the current assets of the Company pari passu with ICICI Bank Limited.</p> <p>c. Personal guarantee of Mr. Nikhil Nanda limited to the value of 4,204,446 shares of the Company.</p>
<b>Vehicle loans</b>	<b>Rate of interest</b> <b>Repayment terms</b> <b>Security</b>	<p>Interest rate is in the range of 8% p.a to 12% p.a.</p> <p>Repayable within a period of 60 months.</p> <p>Respective assets are hypothecated against the loans taken to acquire such vehicles.</p>

6.4 Details of security, interest and principal repayment terms of borrowings for the year ended March 31, 2013:

<b>Indian rupee loan from banks (term loan)</b>	<b>Rate of interest</b>  <b>Repayment terms</b>  <b>Security</b>	<p>Loan A–₹ 30,393,030 @ 3.25% over Base Rate plus Tenor Premium 0.75% which is in the range of 14–14.25% p.a.</p> <p>Loan B–₹ 103,888,892 @ 13.5% p.a.</p> <p>Loan A– 20 Quarterly instalments of ₹ 9,715,000 each from April, 2013.</p> <p>Loan B–4 quarterly Instalments of ₹ 9,444,444 each are due as at March 31, 2013 and 7 quarterly instalments of same amount are payable in next two years.</p> <p>Same as stated above for the year ended March 31, 2014.</p>
<b>Foreign currency loan from banks (buyers credit)</b>	<b>Rate of interest</b> <b>Repayment terms</b> <b>Security</b>	<p>6 months LIBOR plus applicable margin which is in the range of 1.25–3.74% p.a.</p> <p>It is a sub limit of term loan B and to be converted into term loan B , hence same repayment terms.</p> <p>Same as stated above for the year ended March 31, 2014.</p>
<b>Foreign currency term loan (External Commercial Borrowings (ECB))</b>	<b>Rate of interest</b>  <b>Repayment terms</b>  <b>Security</b>	<p>LIBOR is hedged @ 2.98% Plus 1.50% as Margin which is 4.48% p.a. Refer note 42 (a) to Standalone financial statements.</p> <p>Two Semi Annual instalments of USD 496,000 each are due as at March 31, 2013 and two installments are payable in next one year.</p> <p>Same as stated above for the year ended March 31, 2014.</p>
<b>Foreign currency term loan (Foreign Current Term Loan (FCTL))</b>	<b>Rate of interest</b>  <b>Repayment terms</b>  <b>Security</b>	<p>LIBOR is hedged @ 2.98% Plus 1.60% as Margin which is 4.58% p.a. Refer note 42 (a) to Standalone financial statements.</p> <p>Two Semi Annual instalments of USD 152,000 each are due as at March 31, 2013 and two installments are payable in next one year.</p> <p>Same as stated above for the year ended March 31, 2014.</p>
<b>Vehicle loans</b>	<b>Rate of interest</b> <b>Repayment terms</b> <b>Security</b>	<p>Interest rate is in the range of 8% p.a to 12% p.a.</p> <p>Repayable within a period of 60 months.</p> <p>Respective assets are hypothecated against the loans taken to acquire such vehicles.</p>

**7 : DEFERRED TAX LIABILITIES (NET)**

Deferred tax assets and liabilities are attributable to the following:

	March 31, 2014	Charge/(benefit) for the year	March 31, 2013
(Amount in ₹)			
<b>Deferred tax liability</b>			
Depreciation and amortization	90,803,005	(3,714,012)	87,088,993
<b>Total Deferred tax liability (A)</b>	<b>90,803,005</b>	<b>(3,714,012)</b>	<b>87,088,993</b>
<b>Deferred tax assets</b>			
Provision for bonus	140,385	54,699	85,686
Provision for doubtful receivables	39,458,647	37,579,719	1,878,928
Provision for obsolete stock	2,635,040	298,376	2,336,664
Provision for gratuity	575,473	158,052	417,421
Provision for leave encashment	139,221	(77,690)	216,911
Provision for doubtful advance	20,107,042	19,244,475	862,567
Provision for diminution in value of investments	1,132,700	—	1,132,700
Interest accrued but not due	1,228,614	1,228,614	—
Interest accrued and due u/s 43B	36,567,659	36,567,659	—
Unrealised exchange loss on capex loans	15,129,045	2,426,266	12,702,779
<b>Total Deferred tax assets (B)</b>	<b>117,113,826</b>	<b>97,480,170</b>	<b>19,633,656</b>
<b>Deferred tax liability (net) (A)–(B)</b>	<b>—</b>	<b>(67,455,337)</b>	<b>67,455,337</b>

In accordance with Accounting Standard 22 'Accounting for taxes on income', in view of recurring losses and absence of reasonable certainty, the Company has recognised deferred tax assets only to the extent of deferred tax liability. Further, no deferred tax assets has been recognised on brought forward business losses and unabsorbed depreciation. Consequently, the net deferred tax assets/liability as at March 31, 2014 is Nil.

**8 : PROVISIONS**

	Long term		Short term	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(Amount in ₹)				
Provisions for employees benefits				
Provision for gratuity (Refer note 34 )	1,761,986	3,079,734	148,966	100,709
Provision for leave benefits (Refer note 34 )	510,387	1,475,029	126,308	172,442
	<b>2,272,373</b>	<b>4,554,763</b>	<b>275,274</b>	<b>273,151</b>

**9 : SHORT TERM BORROWINGS**

	March 31, 2014	March 31, 2013
(Amount in ₹)		
<b>Secured</b>		
Loan repayable on demand		
Cash credit from banks in Indian rupee (Refer footnote 9.1)	191,151,262	276,604,300
Buyers credit from banks in foreign currency	—	2,460,722
Packing credit from banks in foreign currency (Refer footnote 9.1)	—	61,356,777
Working capital demand loan (Devolved buyer's credit) (Refer footnote 9.1)	—	—
Temporary overdraft from ICICI Bank Limited (Refer footnote 9.1)	—	25,986,204
<b>Unsecured</b>		
Interest free loan from related parties repayable on demand (Refer note 36)	137,919,113	199,572,166
	<b>329,070,375</b>	<b>565,980,169</b>

9.1 The Company has defaulted in repayment of principal and interest on various facilities availed from ICICI Bank Limited and Bank of India. The Company is in default since previous year ended March 31, 2013 and has failed to make good the default till date. During the current year, ICICI Bank Limited has filed a suit with Debt Recovery Tribunal (DRT) for recovery for all outstanding amounts. Accordingly, during the year, the Company has classified entire principal amount outstanding due to ICICI Bank Limited aggregating ₹ 442,507,333 as current liability (Refer note 11).

9.2 Details of security and interest of borrowings for the year ended March 31, 2014:

Cash credit from bank in Indian Rupee, Buyers Credit and Packing Credit in foreign currency (ICICI Bank Limited)	Rate of interest	Cash credit—Base rate plus applicable margin and in case of default, additional interest in the range of 6– 13% hence effective interest rate is in the range of 19.25–19.75 % p.a. Interest for Buyers credit is in the range of 1.01–1.25% p.a and Packing credit from banks in foreign currency is @ 6 months LIBOR plus applicable margin which is 4.74% p.a.
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	<b>Security</b>	<p>A. First charge in favour of the bank by the way of hypothecation of the Company's entire stock of raw materials, semi-finished and finished goods, consumable stores, packing material and spares and such other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank pari passu with ICICI Bank Limited SEEPZ OBU and Bank of India.</p> <p>B. Second parri passu charge on the following properties of the Company mortgaged with ICICI Bank Limited.</p> <p>i. Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas.</p> <p>ii. Khasra no.89 measuring 4.18 bighas.</p> <p>iii. Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas.</p> <p>iv. Khata no. 85/1, measuring 4 bighas.</p> <p>v. Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala-Amb, Tehsil Nahan, District, Sirmour, HP (total land measuring 19.04 bighas) in the name of the Company.</p> <p>C. Personal guarantee of Mr. Nikhil Nanda limited to the value of 4,704,446 shares of the Company.</p>
<b>Cash credit from bank in Indian rupee (Bank of India)</b>	<b>Rate of interest</b>	Base rate plus applicable margin and 2% penal interest, total rate is 15.5–15.75% p.a.
	<b>Security</b>	Second parri passu charge on fixed assets on reciprocal basis.
<b>Temporary overdraft (ICICI Bank Limited)</b>	<b>Rate of interest</b>	19.50% p.a
	<b>Security</b>	No separate security charged i. e. security is common as in cash credit from bank in Indian Rupee (ICICI Bank Limited).

## 9.3 Details of security and interest of borrowings for the year ended March 31, 2013:

<b>Cash credit from bank in Indian Rupee, Buyers Credit and Packing Credit in foreign currency (ICICI Bank Limited)</b>	<b>Rate of interest</b> <b>Security</b>	Cash credit–Base rate plus applicable margin which is in the range of 16–19.75% p.a. Interest for Buyers credit is in the range of 1.25–3.74% p.a. and Packing credit from banks in foreign currency is at 6 months LIBOR plus applicable margin which is in the range of 2.74–4.74% p.a. Same as reported in the year ending March 31, 2014 in 9.2 above.
<b>Cash credit from bank in Indian rupee (Bank of India)</b>	<b>Rate of interest</b> <b>Security</b>	Base rate plus applicable margin which is between 13.5–15.5% p.a. Same as reported in the year ending March 31, 2014 in 9.2 above.
<b>Temporary overdraft (ICICI Bank Limited)</b>	<b>Rate of interest</b> <b>Security</b>	19.25% p.a. Same as reported in the year ending March 31, 2014 in 9.2 above.

(Amount in ₹)

	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>10: TRADE PAYABLES</b>		
Trade payables (Refer note 32 for details of dues to Micro Small & Medium Enterprises)	53,760,909	216,249,228
	<b>53,760,909</b>	<b>216,249,228</b>
<b>11: OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Refer note 6)	77,720,000	255,392,618
Current maturities of vehicle loans (Refer note 6)	2,285,160	–
Overdue principal (Refer footnote 6.1 and 6.2)	442,507,333	4,992,884
Interest accrued and due on borrowings (Refer footnote 6.1 and 6.2)	156,921,159	33,297,248
Interest accrued but not due on borrowings	4,183,346	3,075,392
Book overdraft	11,768,581	8,710,066
Payable for fixed assets (Refer note 32 for details of dues to Micro Small & Medium Enterprises)	25,608,187	31,558,507
Advance received from customers	19,755,118	11,982,460
Expenses payables (Refer note 32 for details of dues to Micro Small & Medium Enterprises)	4,392,887	9,795,186
Payable to employees (Refer note 36)	7,004,659	9,739,379
Unclaimed dividend	167,692	167,692
Others:		
Tax decuted at Source (TDS) and Work Contract Tax (WCT) payable	452,583	474,651
Sales tax payable	913,991	1,088,689
Service tax payable	154,190	–
Provident Fund and Employee State Insurance payable	820,730	396,664
Wealth tax payable	55,665	73,724
	<b>754,711,281</b>	<b>370,745,160</b>



**12: FIXED ASSETS**

(Amount in ₹)

	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION & AMORTIZATION				NET BLOCK	
	As at April 1, 2013	Additions	Disposals/ adjustments	As at March 31, 2014	As at April 1, 2013	Depreciation, amortization and impairment for the year	Disposals/ adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>Own assets:</b>										
<b>Tangible assets</b>										
Freehold land	46,354,701	-	-	46,354,701	-	-	-	-	46,354,701	46,354,701
Factory building	313,237,381	-	-	313,237,381	32,174,035	10,462,127	-	42,636,162	270,601,219	281,063,346
Office building	17,116,367	-	-	17,116,367	1,326,644	278,996	-	1,605,640	15,510,727	15,789,723
Plant and equipment	1,057,030,264	313,498	63,234	1,057,280,528	232,813,381	78,415,036	12,551	311,215,867	746,064,662	824,267,568
Moulds and dies	279,361,600	3,816,818	-	283,178,418	130,254,677	53,417,904	-	183,672,581	99,505,837	149,106,923
Furniture and fixtures	23,929,813	-	(63,234)	23,993,047	7,074,990	1,358,496	(12,551)	8,446,037	15,547,010	16,804,139
Vehicles	23,555,329	-	1,497,598	22,057,731	6,219,977	2,218,142	196,062	8,242,057	13,815,674	17,335,352
Computers	3,522,769	42,000	-	3,564,769	2,181,293	419,479	-	2,600,772	963,997	1,341,476
<b>Total tangible assets</b>	<b>1,764,108,224</b>	<b>4,172,316</b>	<b>1,497,598</b>	<b>1,766,782,942</b>	<b>412,044,997</b>	<b>146,570,180</b>	<b>196,062</b>	<b>558,419,115</b>	<b>1,208,363,827</b>	<b>1,352,063,228</b>
Previous year	756,877,144	1,037,447,675 Note: (a) and (b)	31,397,225	1,762,927,594	239,573,231	180,304,212 Note: (a) and (c)	8,033,934	411,843,509	1,351,084,085	
<b>Intangible assets</b>										
Computer Software	5,904,923	-	-	5,904,923	5,015,937	486,838	-	5,502,775	402,148	888,986
<b>Total intangible assets</b>	<b>5,904,923</b>	<b>-</b>	<b>-</b>	<b>5,904,923</b>	<b>5,015,937</b>	<b>486,838</b>	<b>-</b>	<b>5,502,775</b>	<b>402,148</b>	<b>888,986</b>
Previous year	5,484,055	420,868	-	5,904,923	3,902,272	1,113,665	-	5,015,937	888,986	

Note (a): In the previous year, addition to gross block included ₹ 604,101,400 and depreciation for the year included ₹ 45,230,144 pursuant to amalgamation (Refer note 41).

Note (b): Includes ₹ Nil (March 31, 2013: ₹ 12,855,561) of interest on borrowed funds.

Note (c): Depreciation for the previous year includes impairment loss of ₹ 1,504,263 on furniture and fixtures and plant and machinery as stated in the table below:

Year Ending March 31, 2013	Description	Gross Block	Accumulated depreciation	Impairment loss	Net block
	Furniture and fixtures	1,603,457	539,332	1,064,129	6
	Plant and machinery	859,201	419,057	440,134	Nil

Note (d): Adjustments in gross block and accumulated depreciation of ₹ 63,234 and ₹ 12,551 respectively is due to regrouping of assets from "Furniture and fixtures" to "Plant and equipments" during the year.

(Amount in ₹)

	March 31, 2014	March 31, 2013
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**13 : LONG TERM LOANS AND ADVANCES**
**Unsecured and considered good unless stated otherwise**

Security deposit (Refer note 36)	7,277,815	8,096,810
Capital advances:		
– Considered good	184,173,871	284,860,357
– Considered doubtful	73,683,415	845,229
	257,857,286	285,705,586
Less: Provision for doubtful capital advances	(73,683,415)	(845,229)
	184,173,871	284,860,357
Advance tax including tax deducted at source (Net of provisions for income tax ₹ 6,719,106) (March 31, 2013: ₹ 6,719,106)	7,741,165	9,276,482
Loans and advances to related parties (Refer note 36)		
– Considered good	16,784,158	21,981,781
– Considered doubtful	-	1,854,772
	16,784,158	23,836,553
Less: Provision for doubtful advances to related parties	-	-
	16,784,158	23,836,553
Loans and advances to others		
– Considered doubtful	8,273,024	8,273,023
Less: Provision for doubtful advances to others	(8,273,024)	(8,273,023)
	-	-
Deposits with excise authorities	70,124	70,124
	<b>216,047,133</b>	<b>326,140,326</b>

(Amount in ₹)

	March 31, 2014	March 31, 2013
<b>14: OTHER NON-CURRENT ASSETS</b>		
<b>Unsecured and considered good unless stated otherwise</b>		
Margin Money deposits (Refer footnote 14.1)	1,563,061	493,061
Deposits having maturity period of more than twelve months	463,977	5,000
Interest accrued on non current fixed deposits	183,160	98,214
	<b>2,210,198</b>	<b>596,275</b>
14.1 Margin money deposits pledged with various government authorities.		
<b>15: INVENTORIES (Valued at lower of cost and net realisable value)</b>		
Raw material	31,635,025	25,381,194
Packing material	9,142,810	8,057,616
Work-in-progress	16,369,104	26,291,336
Finished goods (Refer footnote 15.1)	6,464,031	5,243,744
Stores and spares	5,283,180	5,115,158
	<b>68,894,150</b>	<b>70,089,048</b>
Less: Provision for obsolete stock	10,700,700	9,386,930
	<b>58,193,450</b>	<b>60,702,118</b>
15.1 Finished goods include excise duty amounting to ₹ 50,278 (March 31, 2013: ₹ 50,278)		
<b>16: TRADE RECEIVABLES (Refer footnote 16.1)</b>		
<b>Unsecured and considered good unless stated otherwise</b>		
Outstanding for a period exceeding six months from the date they were due for payment (Refer footnote 16.2)		
Considered good	144,522,267	268,466,214
Considered doubtful	147,013,483	484,520,426
	291,535,750	752,986,640
Less: Provision for doubtful debts	(147,013,483)	(484,520,426)
	144,522,267	268,466,214
Other receivables	37,571,381	91,144,148
	<b>182,093,648</b>	<b>359,610,362</b>
16.1 During the previous year ended March 31, 2013, the Company, with a view to present a true and fair view in the financial statements, had written off trade receivables amounting Rs 482,892,640 by setting off against the securities premium account as those receivables were considered non recoverable despite persistent efforts for recovery and legal action against some of the parties. The Company had passed a special resolution in the Extra Ordinary General Meeting held on April 25, 2013 to approve this arrangement and had subsequently filed relevant petition with the Honourable High Court of Himachal Pradesh, on May 24 2013.		
16.2 Includes amount due from related parties. Refer note 36.		
<b>17: CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
On current accounts	20,141,299	1,340,054
Deposits with original maturity of 3 months or less	869,350	1,810,940
Cash on hand	91,868	238,862
<b>Other bank balances</b>		
Margin money (Refer footnote 17.1)	1,834,232	2,603,499
Deposits with original maturity of more than three months but realizable within twelve months from Balance Sheet date	444,545	1,892,507
Unpaid dividend	167,691	167,691
	<b>23,548,985</b>	<b>8,053,553</b>
17.1 Margin money deposits with a carrying amount of ₹ 3,397,293 (March 31, 2013: ₹ 3,096,560) are with various government authorities.		

(Amount in ₹)

	March 31, 2014	March 31, 2013
<b>18: SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured and considered good unless stated otherwise</b>		
Loans and advances to related parties (Refer note 36)	–	1,107,000
Loans and advances to employees	464,596	874,752
Other loans and advances		
– Balances with statutory/government authorities		
Service tax receivable	3,976	3,976
Value added tax	6,322,358	6,170,745
– Advance to suppliers	3,633,591	1,365,397
– Prepaid expenses	538,110	1,388,299
– Advance to suppliers– Considered doubtful	824,250	824,250
Less: Provision for doubtful advances	(824,250)	(824,250)
– Loans and advances to others	141,136,992	147,936,992
	<b>151,635,027</b>	<b>156,865,409</b>
	<b>152,099,623</b>	<b>158,847,161</b>

**19: OTHER CURRENT ASSETS**
**Unsecured and considered good unless stated otherwise**

Interest accrued but not due on fixed deposits	110,495	183,910
Other receivables	50,125,962	45,677,410
	<b>50,236,457</b>	<b>45,861,320</b>

(Amount in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
<b>20: REVENUE FROM OPERATIONS</b>		
<b>Revenue from operations</b>		
Sale of manufactured goods (Refer note 36 and 39)		
Domestic	316,177,333	265,071,907
Export	–	65,616,923
Service Income–Job work	33,157,920	179,025,973
	<b>349,335,253</b>	<b>509,714,803</b>
<b>Other operating revenue</b>		
Reimbursement of receipts	2,654,816	83,856,833
Scrap sales	806,403	2,333,977
<b>Revenue from operations (gross)</b>	<b>352,796,472</b>	<b>595,905,613</b>
Less: Excise duty (Refer footnote 20.1)	–	–
<b>Revenue from operations (net)</b>	<b>352,796,472</b>	<b>595,905,613</b>

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

(Amount in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
<b>21: OTHER INCOME</b>		
Interest income on		
Fixed deposits	488,445	387,055
	<b>(A) 488,445</b>	<b>387,055</b>
Other non operating income		
Provision no longer required written back	1,627,780	587,762
Excess provision for gratuity written back (Refer note 34)	1,176,931	—
Excess provision for leave encashment written back (Refer note 34)	406,752	—
Government grant (Refer note 5)	300,000	300,000
Foreign exchange gain (net)	3,604,904	34,121,019
Profit on sale of fixed assets (net)	—	4,314,039
Freight and forwarding recovered	2,248,828	—
Liability no longer required written back	239,935	15,150
Turnover and other discounts	27,944,011	—
Miscellaneous income	46,770	768,110
	<b>(B) 37,595,911</b>	<b>40,106,080</b>
	<b>(A)+(B) 38,084,356</b>	<b>40,493,135</b>
<b>22: COST OF MATERIALS CONSUMED</b>		
<b>Cost of raw materials consumed</b>		
Stock at the beginning of the year	25,381,194	66,777,732
Add: Balance transferred pursuant to amalgamation (Refer note 41)	—	2,227,543
Add: Purchases	151,181,589	82,859,934
	176,562,783	151,865,209
Less: Stock at the end of the year	31,635,025	25,381,194
	<b>144,927,758</b>	<b>126,484,015</b>
<b>Cost of packing materials consumed</b>		
Stock at the beginning of the year	8,057,616	10,149,285
Add: Balance transferred pursuant to amalgamation (Refer note 41)	—	2,147,698
Add: Purchases	44,352,091	51,007,303
	52,409,707	63,304,286
Less: Stock at the end of the year	9,142,810	8,057,616
	<b>43,266,897</b>	<b>55,246,670</b>
<b>Cost of stores and spares consumed</b>		
Stock at the beginning of the year	5,115,159	307,867
Add: Balance transferred pursuant to amalgamation (Refer note 41)	—	714,999
Add: Purchases	168,021	5,115,159
	5,283,180	6,138,025
Less: Stock at the end of the year	5,283,180	5,115,159
	—	<b>1,022,866</b>
	<b>188,194,655</b>	<b>182,753,551</b>
<b>23: (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
<b>Finished Goods</b>		
At the beginning of the year	5,243,744	10,482,660
Less: At the end of the year	6,464,031	5,243,744
	<b>(1,220,287)</b>	<b>5,238,916</b>
<b>Work-in-progress</b>		
At the beginning of the year	26,291,336	50,129,210
Add: Purchases	9,616,510	9,559,804
Less: At the end of the year	16,369,104	26,291,336
	<b>19,538,742</b>	<b>33,397,678</b>
	<b>18,318,455</b>	<b>38,636,594</b>

(Amount in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
<b>24: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages, bonus and other allowances	89,104,665	93,537,501
Contribution to provident and other fund (Refer note 34)	1,826,707	2,810,158
Workmen and staff welfare expenses	791,373	1,543,774
Gratuity expense (Refer note 34)	—	360,855
Leave encashment (Refer note 34)	—	310,246
	<b>91,722,745</b>	<b>98,562,534</b>
<b>25: FINANCE COST</b>		
Interest expense (Refer footnote 25.1)	123,733,140	87,585,514
Other borrowing cost (loan processing fee/other charges)	129,211	126,478
Interest on delay in deposit of tax deducted at source	12,874	412,122
Exchange differences to the extent considered as an adjustment to borrowing cost	16,828,002	15,310,190
	<b>140,703,227</b>	<b>103,434,304</b>
25.1 This is exclusive of interest expense amounting ₹ Nil capitalised during the year (March 31, 2013: ₹ 2,696,794).		
<b>26: DEPRECIATION, AMORTISATION &amp; IMPAIRMENT (Refer footnote 26.1)</b>		
Depreciation of Tangible Assets	146,570,180	135,139,941
Amortisation of Intangible Assets	486,838	1,113,666
	<b>147,057,018</b>	<b>136,253,607</b>
26.1 Depreciation on tangible assets for previous year excludes depreciation amounting to ₹ 45,230,144 which relates to amalgamation and which has been shown as extra ordinary item.		
<b>27: OTHER EXPENSES</b>		
Rent (Refer note 37)	3,457,755	3,264,036
Advertisement expenses	363,061	382,795
Bank charges	682,555	946,673
Business promotion expenses	2,126,341	4,818,253
Brand promotion expenses	264,355	—
Repairs and maintenance		
Plant and machinery	6,531,933	8,070,317
Building	643,613	4,878,545
Others	2,009,596	3,903,829
Provision for doubtful loan and advances	—	10,127,795
Provision for doubtful receivables	652,574	—
Provision for slow moving inventories	1,313,770	3,040,057
Advances written off	—	5,324,037
Provision for diminution in value of investment	—	—
Freight and cartage outward	754,976	8,136,586
Insurance	1,143,118	1,893,689
Legal and professional fees	13,519,771	6,609,740
Rates and taxes	1,557,043	2,359,740
Telephone & postage	1,483,286	1,974,416
Printing and stationery	436,645	1,908,980
Travelling and conveyance expenses	8,766,919	10,147,242
Loss on sale of fixed assets (net)	43,021	—

(Amount in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
<b>27: OTHER EXPENSES (Contd...)</b>		
Directors' sitting fees	177,777	146,000
Job work charges	12,962,885	17,996,247
Consumable expenses	1,231,130	2,877,983
Power and fuel	25,831,007	20,429,917
Testing charges	151,692	776,863
Auditor's remuneration (Refer note 39 to Standalone financial statements)	1,121,320	1,263,222
Office maintenance	3,215,087	3,311,514
Miscellaneous expenses	2,699,880	4,810,024
	<b>93,141,110</b>	<b>129,398,500</b>

**28: PRIOR PERIOD EXPENSE/(INCOME) (NET)**

Repair & maintenance	—	56,435
Travelling expenses	—	359,210
Wages	—	102,883
Conveyance expenses	20,447	84,370
Legal and professional expenses	—	24,891
Other income	—	(225,945)
Opening provision of investment knocked off	—	(974,753)
Insurance expenses	—	76,239
	<b>20,447</b>	<b>(496,670)</b>

**29: EXCEPTIONAL ITEMS**

(a) Provision for doubtful receivables	146,360,909	—
(b) Provision for doubtful advances	72,838,186	—
(c) Liabilities no longer required written back	(154,501,657)	—
	<b>64,697,438</b>	<b>—</b>

- (a) During the year, the Company as part of its regular recoverability evaluation process has identified certain trade receivables which were doubtful of recovery or did not have recoverable value equivalent to the book value. Accordingly, on a prudent basis, the management has recorded a provision of ₹ 146,360,909 in the books of account towards such trade receivables or portions thereof, which were doubtful of recovery. The management is continuously monitoring the settlement of these balances and is regularly following up with respective parties for recovery of the said trade receivables. The management believes that existing provision recorded in books is sufficient to cover any possible future losses on account of non recovery of such trade receivables.
- (b) During the year, the Company as part of its regular recoverability evaluation process has identified certain capital and other advances which were doubtful of recovery or did not have recoverable value equivalent to the book value. Accordingly, on a prudent basis, the management has recorded a provision of ₹ 72,838,186 in the books of account towards such advances or portions thereof, which were doubtful of recovery. The management is continuously monitoring the settlement of these balances and is regularly following up with respective parties for recovery of the said advances. The management believes that other advances which have not been provided for, although have been long outstanding are fully recoverable, hence, the management believes that existing provision recorded in books is sufficient to cover any possible future losses on account of non recovery of such advances.
- (c) During the year, the Company carried out a detailed exercise to review its long outstanding payables and pursuant to such exercise, has written back an amount of ₹ 154,501,657 payable to various parties as in the opinion of the management such amounts were not payable to respective parties. Such old unpaid balances were mainly due to the fact that certain vendors had supplied less than billed quantity, defective or sub-standard material or material not meeting specifications given by the Company. The management does not expect any liability to devolve on the Company in respect of balances so written back.



**30. Contingent liabilities**

(Amount in ₹)

Particulars	March 31, 2014	March 31, 2013
Claims made against the company not acknowledged as debts		
a. Sales tax demand for non submission of statutory forms for the year 2007-08 (paid under protest ₹ 473,011, March 31, 2013: ₹ 473, 011) (Refer footnote i)	473,011	473,011
b. Winding up petition filed against the Company	1,200,000	—
c. Case filed by fixed assets vendor for moulds and legal charges.	1,461,000	1,461,000
i. There was a sales tax demand for non submission of statutory forms for the year 2007-08. The Company had preferred an appeal before the Commissioner of Sales tax and deposited the amount under protest. The demand has been deleted by Additional Commissioner, Sales tax, Noida vide its order dated May 20, 2014 which is now refundable.		
ii. A service provider of the Company had filed a petition for winding of the Company before the Hon'ble High Court of Himachal Pradesh at Shimla. The Hon'ble high Court of Himachal Pradesh at Shimla has decided the case but has not pronounced its judgement and reserved it for a later date. The Management is of the opinion that there will be no likely outflow and the judgement would be in favour of the Company. Hence, no provision is required in the books.		

**31. Capital commitments:**

(Amount in ₹)

Particulars	March 31, 2014	March 31, 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances ₹ 57,939,463 (March 31, 2013: ₹ 83,840,417).	215,854,537	195,084,999
Other Material Commitments	—	—
<b>Total</b>	<b>215,854,537</b>	<b>195,084,999</b>

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

**33. Capital work in progress**

(Amount in ₹)

Particulars	March 31, 2014	March 31, 2013
Capital work in progress	—	—
<b>Opening balance (A)</b>	<b>—</b>	<b>244,483,953</b>
Add: Additions during the year	—	—
Building*	—	27,939,213
Plant and machinery*	—	20,111,035
Moulds and dies	—	71,076,192
Furniture and fixture*	—	700,315
Computer	—	113,934
Interest on borrowed capital	—	2,696,794
<b>(B)</b>	<b>—</b>	<b>122,637,483</b>
Less : Capitalisation during the Year	—	—
Building	—	27,939,213
Plant and machinery	—	239,708,360
Mould and dies	—	93,371,724
Furniture and fixture	—	5,745,072
Computer	—	172,997
Less: Debited to repair and maintenance	—	184,070
<b>(C)</b>	<b>—</b>	<b>367,121,436</b>
<b>Balance at the year end (A) + (B) – (C)</b>	<b>—</b>	<b>—</b>

\* Previous year figures include the amount of balances pursuant to amalgamation (Refer note 47 to Standalone financial statements):

Particulars	JHS Svendgaard Hygiene Products Limited	Wave Hygiene Products	Total
Building	17,708,018	7,044,914	24,752,932
Plant and machinery	3,113,439	13,494,878	16,608,317
Furniture and fixture	—	279,861	279,861
<b>Total</b>	<b>20,821,457</b>	<b>20,819,653</b>	<b>41,641,110</b>

### 34. Employee benefit obligations

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

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

Particulars	(Amount in ₹)	
	Year ended March 31, 2014	Year ended March 31, 2013
Contribution to Provident fund*	1,335,986	2,020,193
Contribution to Employees' State Insurance Scheme*	490,721	789,965
<b>Total</b>	<b>1,826,707</b>	<b>2,810,158</b>

\*Included in contribution to provident and other funds under employee benefit expenses (Refer Note 24)

### b) Defined benefit plan

Gratuity – The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit (PUC) method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations.

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

#### I. Actuarial assumptions

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
<b>Economic assumptions:</b>				
Discount rate (p.a.)	9.10%	8.10%	9.10%	8.10%
Rate of escalation in salary (p.a.)	7.00%	7.00%	7.00%	7.00%
Rate of availing leave in the long run (p.a.)	–	–	11.00%	2.00%
<b>Demographic assumptions:</b>				
Retirement age	58 Years			
Mortality table (IALM)	IALM(2006–08)(March 31, 2013: LIC (1994–96) duly modified)			
Withdrawal rates (All ages)	7.00%			

#### Note:

The discount rate has been assumed at 9.10% (March 31, 2013: 8.10%) which is determined by reference to market yield at the Balance Sheet date on Government Securities. The estimate for rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Defined benefit obligation at the beginning of the year	3,180,443	2,595,767	1,647,471	1,095,094
Defined benefit obligation of merged entity	–	505,316	–	451,357
Interest cost	257,616	266,693	133,445	132,995
Past service cost	–	–	–	–
Current service cost	460,123	1,219,609	109,135	574,870
Curtailment Cost/(Credit)	–	–	(58,449)	–
Actuarial (gain)/loss on obligation	(1,894,670)	(1,125,447)	(590,883)	(397,619)
Benefits paid	(92,560)	(281,495)	(604,024)	(209,226)
Present value of obligation at the end of the year	1,910,952	3,180,443	636,695	1,647,471
Short term provisions (Refer note 8)	148,966	100,709	126,308	172,442
Long term provisions (Refer note 8)	1,761,986	3,079,734	510,387	1,475,029

**III. Expense recognized during the year**

(Amount in ₹)

Particulars	Gratuity (unfunded)		Leave benefits (unfunded)	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	460,123	1,219,609	109,135	574,870
Interest cost	257,616	266,693	133,445	132,995
Curtailment Cost/(Credit)	—	—	(58,449)	—
Net Actuarial (gain)/loss recognized	(1,894,670)	(1,125,447)	(590,883)	(397,619)
Expenses/ (income) recognized in the Statement of Profit and Loss (Refer note 24/21)	(1,176,931)	360,855	(406,752)	310,246

**IV. Experience adjustment**

(Amount in ₹)

Particulars	Gratuity (unfunded)				
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Present value of obligation	1,910,952	3,180,443	2,595,767	870,838	1,191,509
Deficit	(1,910,952)	(3,180,443)	(2,595,767)	(870,838)	(1,191,509)
Experience gain/ (loss) on present benefit obligation	1,708,615	1,289,250	(915,941)	645,937	132,256

Particulars	Leave Benefits (unfunded)				
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Present value of obligation	636,695	1,647,471	1,095,094	—	—
Deficit	(636,695)	(1,647,471)	(1,095,094)	—	—
Experience gain/ (loss) on Present Benefit Obligation	691,759	457,773	27,721	—	—

**V. Employer's best estimate of contribution towards gratuity during the next year is ₹ 747,415 (March 31, 2013: ₹ 1,037,816)**

Employer's best estimate of contribution towards leave benefits during the next year is ₹ 234,033 (March 31, 2013: ₹ 556,157)

**35. Segment reporting (As per AS – 17 Segment Reporting)**
**a. Primary Segment reporting– Business segments**

The group's business segments are classified as under:

- Full service goods based contract manufacturer–Oral care: Includes manufacturing of oral care products as a contractor for other brands.
- Full service goods based Manufacturing sale– Oral care: This is a new segment as during the year as the Group has started manufacturing its own brand of tooth brush.
- Job work – oral care and hygiene care: Includes job work for customers on oral care and hygiene care products.
- Marketing and distribution – Includes trading of goods and distribution activities.
- Dental care clinics: Includes dental care clinic services.

**Primary Segment Information: Business Segments**

(Amount in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>A SEGMENT REVENUE</b>		
i) Full service goods based–contract manufacturer – Oral care	296,245,647	297,931,229
ii) Manufacturing sale– Oral care	20,738,089	—
iii) Job work – Oral care and hygiene care	35,812,736	262,641,123
iv) Marketing and distribution	—	35,091,577
v) Dental care clinics	—	241,684
<b>Total</b>	<b>352,796,472</b>	<b>595,905,613</b>

(Amount in ₹)

	Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>B</b>	<b>SEGMENT RESULTS</b>		
i)	Full service goods based—contract manufacturer – Oral care #	(145,863,786)	(93,992,317)
ii)	Manufacturing sale— Oral care #	—	
iii)	Job work – Oral care and hygiene care	(66,192,394)	118,530,486
iv)	Marketing and distribution	(98,689)	(2,208,211)
v)	Dental care clinics	(95,723)	(120,386)
	<b>Total</b>	<b>(212,250,593)</b>	<b>22,209,571</b>
	Less :		
	Interest	140,703,227	103,434,787
	Other un allocable expenditure	20,447	21,954,330
	<b>Total profit before Tax and Extraordinary Items</b>	<b>(352,974,267)</b>	<b>(103,179,546)</b>
<b>C</b>	<b>CAPITAL EXPENDITURE</b>		
i)	Full service goods based—contract manufacturer – Oral care #	4,267,898	108,278,262
ii)	Manufacturing sale— Oral care #	—	
iii)	Job work – Oral care and hygiene care	108,070	39,363,907
iv)	Marketing and distribution	—	—
v)	Dental care clinics	—	—
	<b>Total</b>	<b>4,375,968</b>	<b>147,642,169</b>
<b>D</b>	<b>DEPRECIATION</b>		
i)	Full service goods based—contract manufacturer – Oral care #	106,432,805	98,150,594
ii)	Manufacturing sale— Oral care #	—	
iii)	Job work – Oral care and hygiene care	40,558,340	38,037,140
iv)	Marketing and distribution	—	—
v)	Dental care clinics	65,873	65,873
	<b>Total</b>	<b>147,057,018</b>	<b>136,253,607</b>
<b>E</b>	<b>NET SEGMENT ASSETS*</b>		
i)	Full service goods based—contract manufacturer – Oral care #	795,401,168	719,622,261
ii)	Manufacturing sale— Oral care #	—	
iii)	Job work – Oral care and hygiene care	680,998,127	501,684,602
iv)	Marketing and distribution	300,614,504	285,375,719
v)	Dental care clinics	863,871	—
	<b>Total</b>	<b>1,777,877,669</b>	<b>1,506,682,582</b>

\* Net segment assets = (segment assets – segment liabilities)

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

**b. Secondary Segment reporting— Geographical segments**

The analysis of geographical segments is based on the geographical location of the customers.

**Secondary segment Information: Geographical Segment**

Particulars	India	Dubai	Other	Total
**Segment Revenue*	352,796,472	—	—	352,796,472
	(495,197,113)	(35,091,577)	(65,616,923)	(595,905,613)

Figures in bracket represent comparative.

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

\*\* Segment Revenue is inclusive of excise duty.

**36. Related party disclosures**

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

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

S. No.	Relationships	Name of Related Party
i.	Individual having significant influence over the company and Key Management Personnel (KMP)	a) Mr. Nikhil Nanda (Managing Director)
ii.	Relatives of persons in (ii)	a) Mrs Sushma Nanda (Mother of Mr. Nikhil Nanda)
iii.	Enterprises over which significant influence can be exercised by persons mentioned in (ii) & (iii) above or enterprise that have a member of key management in common with the reporting enterprise.	a) Berco Engineering Private Limited b) Dr. Fresh Inc, USA. c) Sunehari Exports Limited d) Number One Real Estate Private Limited e) JHS Svendgaard Infrastructure Private Limited f) Apogee Manufacturing Private Limited g) Dr. Fresh IT Parks Private Limited h) Magna Waves Impex Private Limited

**b. Transactions with related parties taken place during the year. Details of material transactions are not shown separately as the details of related parties are already disclosed under:**

(Amount in ₹)

S. No.	Transactions	Key management personnel and relatives of key management personnel	Enterprises over which key management personnel and their relatives exercise significant influence
<b>a.</b>			
(i)	<b>Sales of products</b>		
	– Dr. Fresh Inc., USA	– (–)	– (62,293,743)
<b>b.</b>			
(i)	<b>Rent expenses</b>		
	– Nikhil Nanda	– (337,080)	– (–)
	– Number One Real Estate Private Limited	– (–)	2,224,728 (2,073,042)
(ii)	<b>Electricity expenses</b>		
	– Nikhil Nanda	– (203,440)	– (–)
	– Number One Real Estate Private Limited	– (–)	835,024 (883,826)
(iii)	<b>Directors Remuneration#:</b>		
	– Nikhil Nanda	2,400,000 ( 2,400,000)	– (–)
<b>c.</b>			
(i)	<b>Loans taken</b>		
	– Nikhil Nanda	– (9,150,000)	– (–)
	– Sushma Nanda	– (49,990)	– (–)
	– Apogee Manufacturing Private Limited	– (–)	76,180,730 (–)
(ii)	<b>Loans Repaid:</b>		
	– Apogee Manufacturing Private Limited	– (–)	125,290,000 (87,071,090 )
	– Nikhil Nanda	11,900,000 (10,540,000)	– (–)
	– Sushma Nanda	– (–)	– (–)

<b>d.</b>			
(i)	<b>Loans and Advances given (including security deposits):</b>		
	– Number One Real Estate Private Limited	–	–
		(–)	(20,390,000)
(ii)	<b>Repayment received:</b>		
	– JHS Svendgaard Infrastructure Private Limited	–	5,000,000
		(–)	–
	– Magna Waves Impex Private Limited	–	1,107,000
		(–)	–
<b>e.</b>			
	<b>Equity Shares issued:</b>		
	– Nikhil Nanda	–	–
		(29,252,540)^	–
	– Harish Chander Nanda	–	–
		(179,270)^	–
	– Sushma Nanda	–	–
		(179,270)^	–
<b>f.</b>	<b>Provision made– trade receivables</b>		
	– Dr Fresh Inc, USA	–	111,896,640
		(–)	(–)

^ Shares issues pursuant to the merger (Refer Note 47 to Standalone financial statements).

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

**c. Balances with Related parties– Details of material balances are not shown separately as the balances of related parties are already disclosed below:**

(Amount in ₹)

<b>S. No.</b>	<b>Transactions</b>	<b>Key management personnel and relatives of key management personnel</b>	<b>Enterprises over which key management personnel and their relatives exercise significant influence</b>
<b>a.</b>	<b>Payables</b>		
(i)	<b>Unsecured Loan:</b>		
	– Nikhil Nanda*	138,305,589	–
		(149,665,589)	(–)
	– Apogee Manufacturing Private Limited*	–	–
		(–)	(49,109,270)
	– Sushma Nanda	1,234,333	–
		(–)	(–)
	– Number One Real Estate Private Limited	–	847,857
		(–)	(847,857)
(ii)	<b>Other liabilities:</b>		
	– Nikhil Nanda	–	–
		(1,079,986)	(–)
<b>b.</b>			
(i)	<b>Loans &amp; advances (including security deposits):</b>		
	– Number One Real Estate Private Limited	–	16,784,158
		(–)	(18,836,553)
	– JHS Svendgaard Infrastructure Private Limited*	–	–
			(5,000,000)



	– Sunehari Exports Limited	–	436,125
		(–)	(436,125)
	– Magna Waves Impex Private Limited *	–	–
		(–)	(1,107,000)
(ii)	<b>Trade receivables:</b>		
	– Dr. Fresh Inc., USA	–	119,323,697
		(–)	(118,442,467)
	– Sunehari Exports Limited	–	9,714
		(–)	(9,714)
<b>c.</b>	<b>Provision for doubtful trade receivables</b>		
	– Dr. Fresh Inc., USA	–	111,896,640
		(–)	(–)

\* Previous year figure include the amount of balances of the amalgamated entities for following parties:

Party Name	Nature	(Amount in ₹)
Nikhil Nanda	Unsecured loan	144,735,000
Apogee Manufacturing Private Limited	Loans and advances	136,152,550
JHS Svendgaard Mechanical and Warehouse Private Limited (Formerly Known as JHS Svendgaard Entertainment Private Limited)	Loans and advances	86,200,000
JHS Svendgaard Infrastructure Private Limited	Loans and advances	5,000,000
Magna Waves Impex Private Limited	Loans and advances	1,107,000

### 37. Obligation on long term, cancellable operating lease:

The company has taken premises under cancellable operating leases with an option of renewal at the end of the lease term with mutual consent. There are scheduled escalation clauses. Lease rental expense of ₹ 3,457,755 (March 31, 2013: ₹ 3,084,036) charged to the Statement of Profit & Loss during the year.

### 38. Loss per share

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

S. No.	Particulars	Units	Year ended March 31, 2014	Year ended March 31, 2013
A	Loss after tax (Excluding extra ordinary item)	₹	(288, 097,030)	(121,437,536)
	Loss after tax (Including extra ordinary item)	₹	(288, 097,030)	(37,613,359)
B	Weighted average no. of equity shares	Nos.	24,095,252	24,095,252
	Add: Dilutive potential equity shares	Nos.	–	–
C	Number of equity shares for Dilutive EPS	Nos.	24,095,252	24,095,252
	Nominal value per share	₹	10	10
	Basic Loss per share (Excluding extra ordinary item) (A/B)	₹	(11.95)	(5.04)
	Basic Loss per share (Including extra ordinary item) (A/B)	₹	(11.95)	(1.56)
	Dilutive Loss per share (Excluding extra ordinary item) (A/C)	₹	(11.95)	(5.04)
	Dilutive Loss per share (Including extra ordinary item) (A/C)	₹	(11.95)	(1.56)

### 39. Details of sale of products:

Particulars	(Amount in ₹)	
	Year ended March 31, 2014	Year ended March 31, 2013
Oral care products	314,830,853	326,540,836
Other products	1,346,481	4,147,994
<b>Total</b>	<b>316,177,334</b>	<b>330,688,830</b>

40. The Company has been incurring operating losses and one of the key customer has wrongfully not renewed the contract with the Company. The Company has defaulted in repayments of loans and interest due to the banks and one of the bankers has filed a case against the Company with Debts Recovery Tribunal (DRT). In order to come out of the above mentioned situation the company is taking various steps. The Company has initiated legal proceedings against the said customer for not renewing the contract and putting the Company in financial distress. The Company is in the process of negotiating with the banks for settlement. The Company is also evaluating various options to revamp its finance. The company is trying to expand its business with its other customers to run the plant & have recently launched its own

brand to cover the operating losses. Accordingly, the accompanying financial statements for the year ended March 31, 2014 have been prepared assuming that the Company will continue as a going concern.

41. During the previous year, JHS Svendgaard Hygiene Products Limited (Transferor Entity No-1) and Waves Hygiene Products (Transferor Entity No-2), have been amalgamated into JHS Svendgaard Laboratories Limited (Transferee), on a going concern basis with effect from appointed date i.e. March 31, 2010 pursuant to the order of Hon'ble High Court of Delhi and Hon'ble High Court of Himachal Pradesh:
- The scheme of amalgamation was sanctioned by the Hon'ble High Court of Delhi vide its order dated August 30, 2011 and the Hon'ble High Court of Himachal Pradesh at Shimla, vide its order dated May 28, 2012.
  - The order of the Hon'ble High Court of Himachal Pradesh was submitted to Registrar of Companies, Chandigarh on June 25, 2012.
  - After receipt of final order of Hon'ble High Court of Himachal Pradesh approving merger the Company applied for certified copy of Delhi High Court order as it is required to be filed with Registrar of Companies, Delhi. Accordingly the said copy was obtained on August 6, 2012.
  - The order of Hon'ble High Court of Delhi was submitted to Registrar of Companies, Delhi on August 8, 2012.
  - The operations of erstwhile JHS Svendgaard Hygiene Products Limited and Waves Hygiene Products were also engaged in the similar line of business into which JHS Svendgaard Laboratories Limited is engaged i.e. manufacturing of dental, oral care and hygiene products etc.
  - Pursuant to the scheme of amalgamation, JHS Svendgaard Laboratories Limited has issued shares to the shareholders of the transferor entities in the following manner:
    - The equity shareholders of JHS Svendgaard Hygiene Products Limited have been allotted 158 fully paid up equity shares of ₹ 10 each for every 100 fully paid up equity shares of ₹ 10 each held in Transferor Company No. 1.
    - The partners of Waves Hygiene Products have been allotted 1,792,746 fully paid up equity shares of ₹ 10 each in their capital contribution ratio.
  - In terms of the scheme, the assets and liabilities of the transferor entities have been accounted for at their book value as it stood in their books of account. Accordingly, the difference of ₹ 19,973,776 in JHS Svendgaard Hygiene Products Limited and ₹ 44,824,437 in Waves Hygiene Products between the value of net assets acquired and the consideration as mentioned in para f above has been (debited)/ credited to the amalgamation reserve.
  - The amalgamation has been accounted for as per pooling of interest methods as referred to in paragraph 3(e) of 'Accounting Standard 14' issued by The Institute of Chartered Accountants of India for an amalgamation in the nature of merger.
- Pursuant to the scheme of amalgamation the following arrangements/ adjustments has been recorded in the books of the Company:
- As a result of order of the Hon'ble High court of Delhi and the Hon'ble High court of Himachal Pradesh, the assets and liabilities and income and expenditure of transferor companies as in table 1 below stand vested in transferee Company w.e.f March 31, 2010 till March 31, 2012. Since the figures could not be incorporated with the assets and liabilities of the year ended March 31, 2012 or prior years as the order of High courts were received after the finalization of financial statements of both the Companies, the assets and liabilities as at March 31, 2012 (Table 2 below) have been added with the figures of transferee Company and profits of two years in transferor companies ₹ 83,824,177 have been shown as extra ordinary item in the Statement of Profit and Loss.
- The following table summarizes the value of assets and liabilities taken over and the amount of consideration paid:

**Table 1: BOOK VALUE OF ASSETS ACQUIRED AND LIABILITIES TAKEN**

Particulars	Amount as at March 31, 2010		
	JHS Svendgaard Hygiene Products Limited	Waves Hygiene Products	Total
<b>Assets</b>			
Fixed assets	266,788,646	22,887,447	289,676,093
Capital work in progress	7,013,920	35,098,616	42,112,536
Current assets, loans and advances	78,543,894	9,891,127	88,435,021
Miscellaneous expenditure and Profit and Loss (Dr.)	1,501,593	1,604,949	3,106,542
Deferred tax assets	15,826	—	15,826
Assets against capital issued in 2011 to Tano Mauritius India FVCI	6,329,110	—	6,329,110
<b>Total (A)</b>	<b>360,192,989</b>	<b>69,482,139</b>	<b>429,675,128</b>
<b>Liabilities</b>			
Current liabilities and provisions	24,291,393	3,308,139	27,599,532
Loan fund	219,900,382	3,422,103	223,322,485
Reserves and surplus	87,950,000	—	87,950,000
Cancellation of investment in Hygiene Products Limited	500,000	—	500,000
<b>Total (B)</b>	<b>332,641,775</b>	<b>6,730,242</b>	<b>339,372,017</b>
<b>Net assets taken over (A) –(B)</b>	<b>27,551,214</b>	<b>62,751,897</b>	<b>90,303,111</b>
<b>Amount of consideration</b>			
6,545,245 shares of ₹ 10 each (Refer note 3 a)	47,524,990	17,927,460	65,452,450
Amalgamation reserve— Adjustment to reserves	(19,973,776)	44,824,437	24,850,661
Less: Post merger adjustment of loss up to March 31, 2010 with capital reserve	587,247	381,374	968,621
<b>Net Balance taken to Balance sheet (Refer note 4.1)</b>	<b>(20,561,023)</b>	<b>44,443,063</b>	<b>23,882,040</b>

**Table 2: BALANCE SHEET OF MERGED ENTITIES AS AT MARCH 31, 2012 IS PRODUCED BELOW**

	<b>JHS Svendgaard Hygiene Products Limited</b>	<b>Waves Hygiene Products</b>	<b>Total</b>
<b>I Equity and Liabilities</b>			
<b>1. Shareholder's Funds :</b>			
a) Share capital	30,579,110	59,842,626	90,421,736
b) Reserve and surplus			
c) Securities premium (Refer note 4.2)	176,120,890	–	176,120,890
d) Profits of year ended March 1, 2011 and 2012 – shown as extra ordinary item in the Statement of Profit and Loss	22,004,733	61,819,444	83,824,177
e) Debit balance of profit and loss	(587,247)	–	(587,247)
<b>2. Non – Current Liabilities:</b>			
a) Long term borrowing	66,310,392	280,887,550	347,197,942
b) Deferred tax liabilities	5,580,385	–	5,580,385
c) Long term provisions	906,487	–	906,487
<b>3. Current Liabilities:</b>			
a) Short term borrowing	10,368,966	–	1,036,966
b) Trade payable	58,437,672	24,978,673	83,416,345
c) Other current liabilities	95,702,733	1,201,236	96,903,969
d) Short term provisions	50,186	–	50,186
<b>Total</b>	<b>465,474,307</b>	<b>428,729,529</b>	<b>894,203,836</b>
<b>II ASSETS</b>			
<b>1. Non – current assets</b>			
<b>a) Fixed assets</b>			
i) Tangible assets	261,100,218	297,771,038	558,871,256
ii) Capital work in progress	20,821,457	20,819,654	41,641,111
	<b>281,921,675</b>	<b>318,590,692</b>	<b>600,512,367</b>
<b>b) Long term loans and advances</b>	120,082,778	25,394,135	145,476,913
<b>c) Current assets</b>			
i) Inventories	5,090,240	–	5,090,240
ii) Trade receivable	21,760,177	84,309,700	106,069,877
iii) Cash and bank balances	21,113,491	435,002	21,548,493
iv) Short term loan and advances	14,991,767	–	14,991,767
v) Other current assets	514,179	–	514,179
<b>Total</b>	<b>465,474,307</b>	<b>428,729,529</b>	<b>894,203,836</b>

- ii. Since during the year ended March 31, 2011 and March 31, 2012, the transferor entities JHS Svendgaard Hygiene Products Limited and Waves Hygiene Products were carrying on the business of the transferee Company, profits made during that year have been shown as the extraordinary item in the Statement of Profit and Loss for the year ended March 31, 2013. Also, all the items of expenses and sales during the current year have been included in the books of the Company on their nature.
- iii. Changes in respect of certain documents, papers etc. are pending for transfer in the name of the transferee Company.
- iv. Additions in Gross block and depreciation for the year—accumulated depreciation includes the below figures added on account of amalgamation of Svendgaard Hygiene Products Limited and Wave Hygiene Products.

Particulars	JHS Svendgaard Hygiene Products Limited		Wave Hygiene Products		Total gross block	Total accumulated depreciation
	Gross block	Accumulated depreciation	Gross block	Accumulated depreciation		
Land	14,361,502	–	22,887,447	–	37,248,949	–
Factory building	86,297,876	5,851,080	69,616,882	2,325,204	155,914,758	8,176,284
Plant and machinery	190,843,708	27,513,082	215,495,081	8,902,641	406,338,789	36,415,723
Mould and dies	–	–	–	–	–	–
Computer	396,808	94,395	13,745	2,228	410,553	96,623
Computer software	–	–	–	–	–	–
Furniture and fixture	2,730,306	415,502	422,548	26,747	3,152,854	442,249
Vehicle	381,182	37,105	654,315	62,160	1,035,497	99,265
<b>Total</b>	<b>295,011,383</b>	<b>33,911,164</b>	<b>309,090,018</b>	<b>11,318,980</b>	<b>604,101,400</b>	<b>45,230,144</b>
Capital work in progress		20,821,457		20,819,654		

42. Previous year figures have been regrouped/ reclassified wherever considered necessary to conform to the presentation of current year's consolidated financial statements.

As per our report of even date attached.

**For Haribhakti & Co.**

Chartered Accountants

Firm Registration Number: 103523W

**Raj Kumar Agarwal**

Partner

Membership no.: 74715

**Place : New Delhi**

**Date : May 30, 2014**

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

**Nikhil Nanda**

Managing Director

**Vanamali Polavaram**

Director

**Isha Sablok**

Company Secretary

**Neeraj Kumar**

Chief Financial Officer

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## JHS SVENDGAARD LABORATORIES LIMITED

CIN: L24230HP2004PLC027558 Website: www.svendgaard.com

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

E mail ID: cs@svendgaard.com

### ADMISSION SLIP

Folio No. / DP ID / Client ID #	
No. of Equity Shares held	

I hereby record my/our presence at the Tenth Annual General Meeting of JHS Svendgaard Laboratories Limited held at Regd. Office: Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030 on Monday, 29<sup>th</sup> December, 2014 at 10:00 at Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District- Sirmour, Himachal Pradesh -173030

Name of the Shareholder (in block letters)
Name of Proxy /Authorised Representative attending* (in block letters)

\*Strike out whichever is not applicable

#Applicable for shareholders holding shares in dematerialised form.

Signature of the attending Shareholder/Proxy/Authorised Representative\*

**Note: Please produce this Admission Slip duly filled and signed at the entrance of the meeting hall. Shareholders intending to appoint a proxy may use the Proxy Form given below.**

## JHS SVENDGAARD LABORATORIES LIMITED

CIN: L24230HP2004PLC027558 Website: www.svendgaard.com

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

E mail ID: cs@svendgaard.com

### PROXY FORM

Name of the member(s):	
Registered Address:	
E-Mail ID:	
Folio No./DPID/Client ID:	

I /We .....being the member(s) of JHS Svendgaard Laboratories Limited, holding ..... shares hereby appoint :

- (1) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E Mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or falling him;
- (2) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E Mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or falling him;
- (3) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E Mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or falling him;

as my/ our proxy to attend and vote (on a poll) for me/us and on my/ our behalf at the Tenth Annual General Meeting of the Company to be held on Monday, 29<sup>th</sup> December, 2014 at 10:00 at Regd. Office: Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District- Sirmour, Himachal Pradesh - 173030 and at any adjournment thereof in respect of the resolutions as are indicated below:

Resolution Number	Resolution
<b>ORDINARY BUSINESS</b>	
1	Adoption of audited Financial Statements for the year ended 31st March 2014.
2	Appointment of a Director in place of Mr. Daljit Singh Grewal, Director who retires by rotation and being eligible offers herself for re-appointment.
3	Appointment of M/s Haribhakti & Co., Chartered Accountants, as Statutory Auditors from the conclusion of the AGM until the conclusion of 10th Annual General Meeting.
<b>SPECIAL BUSINESS</b>	
4	Appointment of Sh. Chhotu Ram Sharma as an Independent Director for a term of five years from the date of this Annual General Meeting upto the conclusion of Annual General Meeting to be held in calendar year 2019.
5	Appointment of Mr. Vanamali Polavaram as Non Executive Director from the date of this AGM upto the conclusion of next AGM; who retires by rotation and being eligible offers himself for re-appointment.
6	Appointment of Sh. Amarjit Singh as an Independent Director for a term of five years for the date of this Annual General Meeting upto the conclusion of Annual General Meeting to be held in calendar year 2019.
7	Appointment of Mrs. Kalyani Polavaram as woman Director from the date of this AGM upto the conclusion of the next AGM; who retires by rotation and being eligible offers herself for re-appointment.
8	Increase in Authorised Share Capital from ₹ 28,00,00,000/- (Twenty Eight Crore Rupees) to ₹ 50,00,00,000/- (Fifty Crores)
9	Amendment in Clause V of Memorandum of Association of the Company.
10	Preferential allotment of ₹ 24,60,00,000/- (Rupees Twenty Four crore sixty lakhs)

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2014

Signature of Shareholder

Signature of Proxy holder(s)

Affix  
revenue  
stamp

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030, not less than 48 hours before the commencement of the Meeting.

## JHS SVENDGAARD LABORATORIES LTD KALA AMB SITE



### **JHS Svendgaard Laboratories Limited**

**Registered Office :** Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030, INDIA

**Corporate Office :** B-1/E-9, Mohan Co-operative Industrial Area, Mathura Road, New Delhi-110044, India

Delhi Office : Ph No. 91 11 29949675/26900411/12, Fax No. 91 11 26900434

Kala Amb: Ph No. 1702 302101/02/21, Fax No. 91 1702- 302125

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

Product/Business enquiry : [enquiry@svendgaard.com](mailto:enquiry@svendgaard.com), [gk.rawat@svendgaard.com](mailto:gk.rawat@svendgaard.com), [meeta@svendgaard.com](mailto:meeta@svendgaard.com), [manju@svendgaard.com](mailto:manju@svendgaard.com)