



JHS Svendgaard Laboratories Limited

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

Corporate Office: B-1/E-23, Mohan Co-operative Industrial Area, Mathura Road, New Delhi-110044

we make the
world smile

JHS Svendgaard Laboratories Limited | 6th Annual Report 2009-10

CONTENTS

Corporate Identity	12
Highlights 2009-10	14
Managing Directors' statement	16
Business drivers	20
Analysis of financial statements	24
Managing uncertainties	27
Notice	29
Directors' report	34
Report on Corporate Governance	40
Management's Discussion & Analysis of performance	48
Financial section	51
Corporate information	112

Corporate Information

Members of the Board

Chairman:	Daljit Singh Grewal DIN 00051627
Managing Director:	Nikhil Nanda DIN 00051501
Whole-Time Director:	Gopal Krishan Nanda DIN 01490288
Independent Directors:	Vanamali Polavaram DIN 01292305
	Mukul Pathak DIN 00051534
	Guninder Bhalla DIN 01987186

Company Secretary & Compliance Officer

Anshu Kumar Chakravorty

Registered Office

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

Corporate Office

B-1/E-23, Mohan Co-operative Industrial Area,
Mathura Road, New Delhi-110044
Ph: 011-30885601/06/40
Fax: 011-30885604

Statutory Auditors

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

Registrar and Transfer Agent

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

Bankers

ICICI Bank Limited

Unit I

Sunehari Oral Care
B-1/ E-13, Mohan Cooperative Industrial Area,
Mathura Road, New Delhi-110044

Unit II

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

Unit III

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

We have aligned with market leaders to grow...

Together.

Convenience for one. Growth for the other.

National demand is rising across most FMCG product categories.

- Incomes are rising.
- Preferences are evolving.
- Lifestyles are upgrading.

India's toothbrush and toothpaste penetration is poised to correct towards the global average. Faster than before.

This correction is already happening.

National demand is rising across most FMCG product categories. Already.

With MNCs intending to increase supply of their FMCG products and expand market share faster than before, outsourcing is no longer an option; it is a business necessity. Besides, the outsourcing company is no longer perceived only as a vendor; it is a partner positioned to take the client's business ahead.

A number of dynamic realities inspired MNCs to enlist Indian contract manufacturing partners across various product segments. Many globally successful and respected FMCG brands are already doing so while many are entering the business in pursuit of attractive growth.

Why are global players outsourcing?



What makes JHS a preferred outsourcing partner?



We enjoy a near
25%
share of India's
toothbrush market.

We are more than just a product manufacturing company.

We are a specialised oral care and personal hygiene products outsourcing partner. For a good reason: we are the only company of its kind in the world to manufacture toothpastes and toothbrushes in the same premises, reconciling completely different manufacturing competencies – mechanical and chemical – under one roof.

We possess a rich, 15-year experience in manufacturing toothpastes and toothbrushes for more than 25 reputed FMCG brands in India and across the world. The result: we enjoy a near 25% share of India's toothbrush market.

We are located in Kala Amb, Himachal Pradesh with excise and sales tax benefits for 10 years and income tax benefits for five years. The state is one of the few in India with an energy surplus; industrial power is available for ₹2.80 per unit, considerably lower than the national average.

In view of these capabilities and competencies, our clientele enjoys long-term engagements with us; recently, a globally leading brand associated with us as its exclusive Indian business partner for multiple product categories.

Resulting in sustainable growth prospects for your Company for years.

What prospects will emerge from this arrangement?

The business arrangement will account for almost

50%
of our revenue.

The attractiveness of our outsourcing arrangement is based on a simple reality: each partner will focus on what it does best. For instance, the FMCG brands will focus on marketing the brand

without worrying about manufacturing complexities; we, at JHS will focus on maximising throughput without corresponding marketing responsibilities.

Our recent tie-up with a global giant represents a win-win arrangement that is expected to translate into large volumes. The business arrangement will account for the offtake of toothbrushes, toothpaste and laundry products, estimated to account for almost 50% of our revenue in the next three years.

The scope and scale of this arrangement could widen for a good reason.

■ Products being outsourced by the FMCG major to us could

extend beyond existing segments to other nascent or mature product categories

■ Sales from these existing categories could rise appreciably as the Indian market matures and our global business partner enhances its market share

These existing and probable developments augur well for your Company's revenue; global majors could emerge as our largest customers over the next few years.

Leading to prospects of sustainable revenue growth over the long-term.

Why is an outsourcing arrangement important for MNCs and Indian FMCG companies?

We can offer fiscal benefits estimated at around

US\$ **100** mn
to domestic and global players

FMCG product outsourcing arrangements with our Company hold out attractive cost, scale and growth implications for MNCs and large Indian FMCG companies.

For a good reason – our competitiveness is derived from the best of medium scale, geographical advantage, entrepreneurial innovation, technology selection and efficiency management. In turn, this translates into enhanced value for MNCs and Indian FMCG partners.

Our manufacturing presence in Himachal Pradesh translated into attractive fiscal benefits and a correspondingly superior value proposition for our customers. Beside this, the government withdrew the fiscal incentive for all new manufacturing facilities in the state

commencing operations after March 31, 2010, narrowing competing outsourcing options for FMCG players in India.

The superior value proposition for our customers from the geographical advantage prompted them to invest time and financial resources into our projects for lateral growth. One prominent FMCG giant, an important JHS customer, deployed a 30-member team from across the globe at our site to accelerate project completion in a record 10 months against an average project commissioning cycle of 24–30 months, facilitating the commissioning of our facilities well before the stipulated deadline.

As a result, we can offer fiscal benefits estimated at around US\$100 mn to domestic and global players over a ten-year period in addition to process and scale efficiencies from the outsourcing arrangement.

What invisibles will JHS gain from the outsourcing arrangement?

A benchmarking with global best practices, especially the demanding

USFDA
standards

There are a number of benefits that have already begun to emerge from the outsourcing arrangement with our FMCG global partner, which will only strengthen our Company's business model.

One, greater industry respect for partnering a global leader in the oral care segment, leading to more business opportunities, in India and abroad.

Two, an opportunity for the JHS team to enrich its knowledge repository in existing business lines – around technology, product evolution, market trends and consumer insights.

Three, benchmarking with global best practices, especially the demanding USFDA standards.

Four, customer support to extend cost effectively into other business verticals.

Five, stronger financial growth, along with enhanced shareholder value, leading to the prospect of sustainable growth.

More importantly, the outsourcing arrangement provides our Company with a robust foundation to graduate from a modest domestic private label oral care product manufacturer to a global multi-product player.



JHS Svendgaard Laboratories.

*The world's ninth-largest toothbrush manufacturer.

India's largest and first oral care products manufacturer with integrated facilities.

Mission

We aim to become the India's largest oral care manufacturing company with one-stop solutions for all private label needs for our customers and their oral care range

Vision

We aim to be the preferred oral care product supplier to companies in India and across the globe.

Lineage

- Established in 1994 as a proprietary firm engaged in small scale toothbrush manufacture
- Incorporated as a company on October 8, 2004
- Headed by Mr. Nikhil Nanda (Managing Director)
- Promoters hold a 44.07% stake in the Company and foreign investors 0.37% as on September, 2010
- Stock listed and actively traded on the Bombay Stock Exchange and National Stock Exchange

Presence

- Headquartered in New Delhi, India
- Four manufacturing units in Delhi, Noida SEZ and Kala Amb (Himachal Pradesh)



Product offering

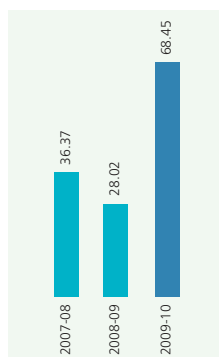
- Manufactures a range of ISO 9001:2000-certified oral and dental products for elite international and national brands
- Offers a rich portfolio comprising toothbrushes, toothpastes, mouthwash, whitening gels, denture products and laundry products
- Established state-of-the-art dental clinics (T 32 Dental Spa) for a complete dental solution

Certification

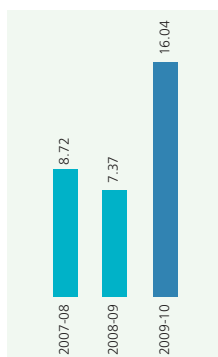
- Certified as the top exporter of toothbrushes and dental plates from India by PLEX Council (sponsored by Ministry of Commerce) for four consecutive years from 2003 onwards
- Awarded the status of Star Export House by the Government of India

* As per internal research by the Company

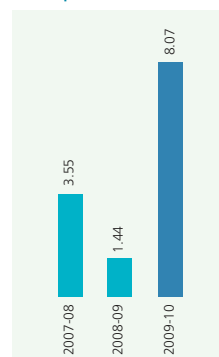
Revenue (₹ Crore)



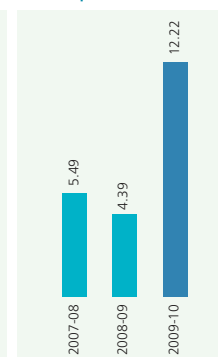
EBIDTA (₹ Crore)



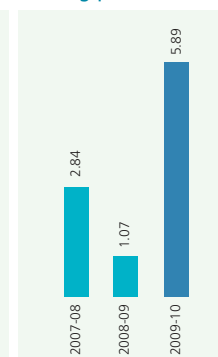
Net profit (₹ Crore)



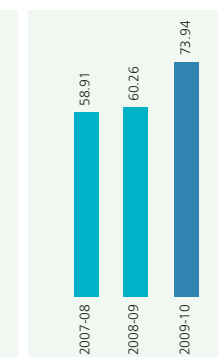
Cash profit (₹ Crore)



Earning per share (₹)



Book value (₹)



Financial

- Revenues grew 144% to ₹68.46 crore
- Net profit increased 460% to ₹8.07 crore
- Dividend proposed of Re. 0.50 per share

Marketing

- Added reputed domestic customers like Modicare (toothpaste), Himalaya (tooth brush)

and Bharti Wal-Mart (toothbrushes) and Dynarex (denture adhesive)

- Increased business with Apollo Pharmacy, Dabur and Elder
- Entered a new business area through the production of Odonil
- Attained the exclusive right to market Infectiguard, a hand

sanitiser in six different packs under the JHS brand

Post-balance sheet development

- The Board of Directors, at its Board Meeting held on July 7, 2010, considered and approved the Scheme of Amalgamation of JHS Svendgaard Hygiene

Products Limited and Waves Hygiene Products (a partnership firm) with your Company.

- The amalgamation will result in an integrated operation which qualifies the Company to participate in the market of fast moving consumer goods, besides providing synergy benefits to existing operations.

- The growth of the laundry products segment will enhance volumes. The 2010-11 first shift operations were started at the beginning of the first quarter and all shifts are expected to start by Q4/2010-11
- Toothbrushes to be

manufactured by your Company are expected to receive quality certifications from our global business partner resulting in higher volumes from Q4/2010-11

- Dabur increased its toothbrush requirement by 25% in 2010-11

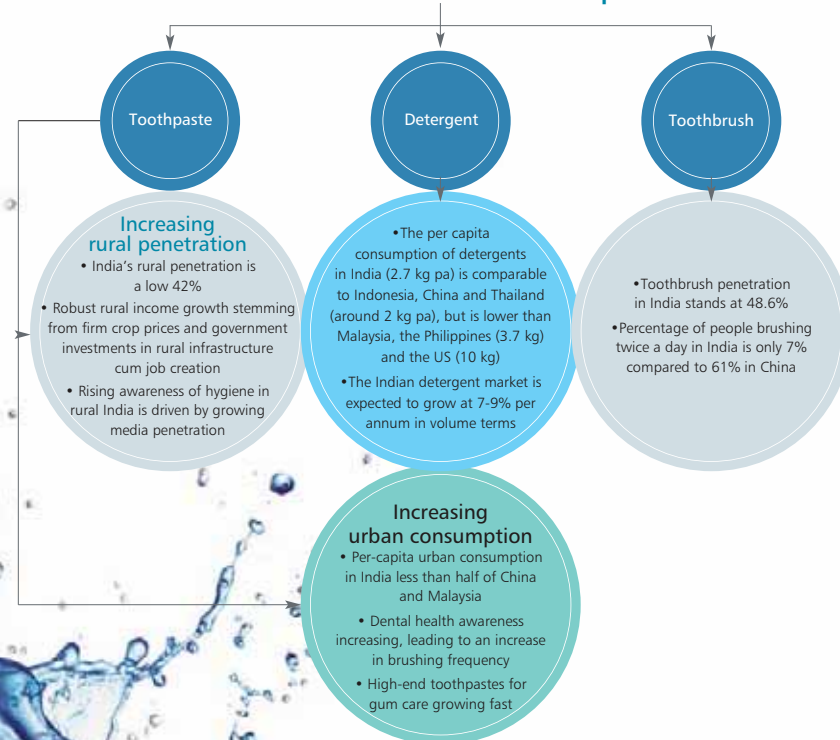
Oral-B

The Oral-B range enjoys a 16% share of the Indian toothbrush market while 'Shiny Clean' toothbrushes are the largest sub-brand within this range. From 2010-11, JHS will manufacture this brand at its facilities.

Highlights, 2009-10

Revenue drivers of 2010-11

Post balance sheet development



"JHS is poised to graduate from a domestic FMCG-servicing company into a global organisation."

The big picture

Mr. Nikhil Nanda, Managing Director, charts the road ahead

Dear Shareholders,

OUR COMPANY IS AT THE CUSP OF AN UNPRECEDENTED OPPORTUNITY FOR A NUMBER OF REASONS.

One, India is at a point when decades of product under-penetration are likely to correct faster owing to a decline in earning ages, growth in incomes and changes in mindset.

Two, our Company entered into a product outsourcing relationship with a leading global FMCG giant in March 2009, which can have extensive implications. This relationship started with an outsourcing agreement to supply laundry products, but extended immediately thereafter to cover the supply of toothbrushes and toothpaste with a corresponding need to scale business multi-fold in less than a year (before March 31, 2010) before the

last date for availing fiscal incentives at our new Kala Amb facility.

I am pleased to report that JHS responded to these challenges and opportunities with speed and sensitivity. We invested proactively in our gross block; we made provisions for space, people, skills and funding to scale our business. We were assisted by our international business partner at every step: the multinational deployed financial and human resources to ensure timely projects completion; a 30-member team from across the globe was deployed on our site by the FMCG giant and worked with our team round-the-clock for ten months; they invested in procuring equipment of the highest standard in the shortest time.

The result: we commenced the supply of small batches of all three products – toothbrushes, toothpaste and laundry products – before the close of the financial year under review and as a first step, commissioned one of the four manufacturing lines for laundry products in 2009-10.

Being prepared

At JHS, we recognise that challenges lie in presenting a credible industrial face that makes all growth sound, scalable and sustainable.

Group restructuring: We proposed to merge the group entities – JHS Svendgaard Hygiene Products Limited and Waves Hygiene Products – into the listed JHS Svendgaard Laboratories to broaden our product mix, pool competencies, increase organisational transparency and lay the foundation for enhanced shareholder value.

Operations management: We brought on board an experienced toothpaste manufacturing team and made selective technical recruitments to address our existing and prospective customers' growing product requirements. The result is that we manned positions using our multinational partner's insight, experience and networking to deliver in

line with the growing potential of our business.

Industry optimism

The industry segments in which we are present continue to grow attractively, largely independent of cyclical economic movements the world over. For instance, India's oral care products market recorded double-digit growth over five years and this is expected to sustain, based on fundamental realities.

The penetration of modern oral care products in India is low (toothbrushes 48.6% and toothpastes 72.3%).

Besides, India's per capita consumption of toothpaste is only 92 gm against a significantly larger corresponding developing nation equivalent; as incomes and oral hygiene awareness increase, this mismatch is expected to correct faster, creating a sizeable opportunity.

These are some of the reasons why the scenario is expected to correct faster in India than ever before:

Age: More than 60% of the country's population is below the age of 30. This section appreciates the need for modern oral care products. Besides, India's increasing literacy (literacy rate for the population of

age group of 7 years and above was estimated to be 77.7 per cent, with 74.6 per cent in rural areas and 86 per cent in urban areas) is expected to catalyse the demand for oral care products. (Source: *Business standard*)

Rural economy: The per capita income of rural India (70% of India's population) is expected to increase from ₹7,335 in 1981 to ₹15,396 in 2011 (Source: *newkerala.com*), enhancing rural aspirations. Companies hitherto engaged in conventional oral care products like tooth powder evolved to the marketing of toothpastes and toothbrushes in rural India. Besides, additional fund allocation to the MGNREGA is expected to shore demand for FMCG products. The result is that various segments of India's FMCG segment are expected to grow attractively.

Agenda, 2010-11

We drew out a comprehensive blueprint for 2009-10, covering private label manufacture, brand identity creation and attractive cost optimisation.

Private label manufacture: Our focus is to deliver comprehensively against our commitments. Our global multinational partner indicated an intention to

scale volumes in each product category and widen the product basket. Besides, we need to address the growing needs of our non-MNC clientele in addition to the need to add new customers.

Create our identity: We will concurrently reinforce our independent brand identity. We will market first-time products in India – Infectiguard (hand sanitiser).

Optimising costs: We are strengthening operational processes like batch cycle time reduction, enhancing productivity and profitability.

Reduce interest cost: We expect to replace high-cost working capital with lower cost alternatives and hence, reduce our debt cost by an estimated 100 bps.

Message to shareholders

The result is that we expect to emerge significantly larger globally in only two years, making it imperative to reinvest all our resources so that we may be able to reward our shareholders more liberally in the years to come.

Warm regards,

Sd/-
Nikhil Nanda,
Managing Director



	Per capita consumption (grams/HH/month)	Twice a day brushing (%age)
China	219	61%
Malaysia	285	86%
India	92	7%

Experience: We enjoy a rich 15-year experience in the private label business for reputed FMCG companies.

Exclusive supply: We enjoy exclusive product supply arrangements with most of our clients.

Presence: We selected to be present in high frequency product use segments of the FMCG space.

Contract tenure: We enjoy an average contract tenure of five years across all outsourced products and clients, resulting in revenue visibility.

Scale: We invested proactively in large capacities at a low capital investment to grow business volumes in line with demand.

Product range: We are the only company in the

world to manufacture an entire oral product range under one roof, positioning us as a preferred outsourcing business partner.

Brands: We work closely with 25 reputed domestic and international FMCG brands.

Relationships: We enjoy a long-term outsourcing agreement with all our customers. Our

outsourcing relationship with Dabur grew consistently over eight years.

Opportunities: We are present across the entire oral care product range, facilitating product up-sale and cross sale.

Uniqueness: Our innovation capability helped create a number of first-time products for FMCG companies, resulting in long-term

outsourcing arrangements.

Diversity: We added business streams like Odonil, hand wash products (imported from the US) and laundry products in 2010.

Location: Our Kala Amb presence provides us with fiscal benefits. These tax-free benefits for other new establishments expired on March 31, 2010.



What makes JHS Sv endgaard different?

Why product outsourcing in the FMCG space represents value

Most FMCG companies typically outsource product manufacture for the following reasons:

Differentiated focus: The FMCG companies specialise in marketing and brand building. They focus on creating new market segments, servicing under-penetrated markets and communicating adequately to create an enduring recall.

Sizeable capex: To remain profitable in a highly competitive space, an FMCG company needs to

widen its presence across a number of product segments (oral care, skin care and laundry, among others, or any other combination). On the one hand, commissioning large manufacturing facilities for all these can entail large investments and on the other, creating a competent branding and media promotional strategy could require significant outlay. A combination of the two can potentially stretch financial resource commitment and managerial

bandwidth.

Time factor: The FMCG sector is a volume-based competitive business where time is critical in securing mind space and market share. An FMCG company cannot afford to lose time in establishing manufacturing facilities across more than a year and would rather outsource and plug market demand today.

Lack of expertise: The FMCG sector is price-sensitive, necessitates large volumes and economies of scale.

Rather than make this their core activity, companies would rather outsource manufacture to those with large capacities and with an ability to provide cost-effective quality products.

Fiscal sops: The business vendors locate their manufacturing facilities in areas that enjoy fiscal concessions (excise duty and sales tax, among other things) and are willing to share the benefits with FMCG companies who may not be able to enjoy these benefits independently.

Business driver -1

Operations

Overview

We specialise in the efficient manufacture of toothbrushes, toothpastes, mouthwashes and laundry products on the one hand and growing scale on the other, making it possible for us to service growing customer needs. The combination of scale, efficiency and quality makes a compelling value proposition for us and our customers.

We possess an installed capacity of 300 mn toothbrushes and 21,600 TPA of toothpaste. We prudently created an overcapacity early

in our existence to accommodate an increased clientele for toothbrushes. Consequently, while book value of the assets stood at only ₹120 crore, replacement value was estimated at about ₹200 crore.

We created a 10-member quality assurance team to monitor quality across all products manufactured. We invested in automated equipment with in-process quality management checks and balances. We invested money to strengthen quality-centric infrastructure, helping

exceed client quality specifications. For instance, a leading domestic FMCG brand specified an end-rounding of 50% for toothbrush bristles; we provided 80%; the bristle fitting in toothbrush handles possesses a pull load of about 2.4-2.6 kg against the mandated 2 kg.

The fact that most of our clientele comprises multinationals or Indian brands that figure in the top three of their respective industry spaces, translated into a two-way understanding on quality standards.

Our association with global MNCs is expected to strengthen our quality commitment in line with exacting USFDA standards. For instance, we are creating facilities and investing in state-of-the-art equipment in strict consultation with global requirements; our product output is comprehensively inspected by multiple teams ensuring that every product more than matches desired specifications.

Highlights, 2009-10

■ We established a laundry division with an installed capacity of 400 TPD.

■ We expect to expand our electricity connection from 11 KVA to 30 KVA by October 2010, leveraging availability in Himachal Pradesh at ₹2.80 per unit (₹6 per unit in Delhi and ₹7 per unit in Chennai), thereby meeting our additional power requirement of 2,200KW for the laundry product plant.

■ Our 43 moulding machines provide 37 toothbrush designs; spoilage declined from 3.3% to 2.29% and is targeted at 1.5% in 2010-11.

Business drivers



Our 43 moulding machines provide 37 toothbrush designs; spoilage declined from 3.3% to 2.29% and is targeted at 1.5% in 2010-11.

Business driver -2

Marketing

Overview

We are India's largest outsourcing partner in private label contract manufacture. We match our products with specific client needs and provide timely product delivery. This makes it possible for our customers to strengthen their brand, taking their business ahead. We serviced the growing needs of 25 leading FMCG brands by the close of 2009-10. The strength of our customer mix was reflected in the fact that no customer de-grew over the previous year.

Highlights, 2009-10

- We entered the laundry segment with dedicated product manufacturing for a global FMCG major.
- We undertook extensive marketing for our brand 'Infectiguard'.
- We established three dental clinics – T32 Dental Clinic – for upmarket clients.
- We added new customers like Himalaya, Modicare and Bharti Walmart and extended product offering to Apollo Pharmacy, Elder, Dabur and Dynarex.

Outlook

- We are targeting the opening of 32 clinics across India in the years to come.
- We plan to expand business volumes with existing clients through lateral extensions.
- We are working towards a deeper penetration of 'Infectiguard' by means of advertisements across all Tier-I cities.
- We attained the exclusive right to market two imported brushes – Firefly and Spiderman – and aim to create a growing market for the same.



Business driver -3

Intellectual capital

Our success is derived from our ability to blend experience and enthusiasm.

Our 450-member team (250 employees and 200 contract workers) and ₹16 crore, invested in contemporary technologies in the two years leading to 2009-10, accounted for 22 per cent of our gross block as on March 31, 2010.

We recruited 23 individuals to address the growing

volumes for P&G's laundry product. Our employees were sent to reputed management institutes in India and abroad for capability enhancement. We incentivised production across all departments through an unambiguous enunciation of key result areas supported by key performance indicators assigned to each KRA, reviewed quarterly.



Business driver -4

Research and development

Our R&D team addresses demanding and evolving formulations and commercial customer needs. We developed 20 formulations in three years, making it possible for customers to widen consumer choice and take their businesses ahead. These formulations are respected for their high product efficacy and consistent chemical compliance with customer specifications.

Highlights, 2009-10

- Our quality assurance system ensures the development of three lab-scale batches of the same formulation to compare results with specifications.
- We developed five first-time products in India.
- We strengthened product offtake following our transformation from the medicinal to the cosmetic segment.
- Our superior technology

enhanced the toothbrush end-rounding up to 90%, among the industry's highest.

- We addressed challenging meeting instruction (MI) and packing instruction (PI).

Outlook

- We will derive the benefit of investments in chemical instrumentation and micro-lab, saving nearly 15 days in efficacy studies.

Analysis of the financial statements

Revenue (net sales)

Net sales grew 144% from ₹28.02 crore in 2008-09 to ₹68.46 crore in 2009-10, owing to the following reasons:

- Added six new customers during the year
- Increased product offering to existing customers, graduating from a single-product vendor to a business

partner for multiple product supplies

- Added 10 new products, increasing sales volumes

Toothbrushes form the mainstay of the business, contributing over 90% of revenues. In this segment, the premium variety (above ₹15 per brush) comprised 30% of the sales volumes. Other product segments namely toothpastes,

mouthwashes and other oral care products, contributed to the remaining sales volumes.

Domestic business accounted for ₹59.90 crore in 2009-10 against ₹21.14 crore in 2008-09, a 24% growth. Export earnings at ₹8.55 crore largely mirrored the previous year's performance.

We registered a significantly better performance, reflected in the growth of our financial numbers.

(₹ crore)

	2009-10	2008-09	Growth (%)
Net sales	68.46	28.02	144
EBIDTA	16.04	7.37	118
Profit before tax	8.90	1.38	546
Profit after tax	8.07	1.44	497
Shareholders' funds	73.93	60.26	23
EPS (₹)	5.89	1.07	450
Book value (₹)	73.93	60.26	23

Geographic sales split

	2009-10	2008-09	2007-08
Domestic sales (%)	88	75	70
Export sales (%)	12	25	30

Other income

Non-core income stood at ₹1.18 crore in 2009-10 against ₹3.76 crore in 2008-09. It comprised dividend and interest income of our investments in liquid instruments and export incentives. It comprised only 0.74% of the EBIDTA and 1.5% of our profit after tax in 2009-10. This demonstrates the strength of our earnings from core business operations.

Operating cost

Growing business volume was accompanied by increased operating costs; total operating costs in absolute value increased 76% from ₹23.51 crore in 2008-09 to ₹41.49 crore in 2009-10. Total operating cost, as a proportion of total sales, stood at 61% in 2009-10 against 84% in 2008-09. Increase in production volumes provided economies of scale and facilitated in a better fixed cost absorption.

Margins

Increased business volumes

and strong control on costs facilitated in improving operating margins; the EBIDTA margin decreased 300 bps from 26% in 2008-09 to 23% in 2009-10. Net margin was 12% in 2009-10 against 5% in the previous year.

To manage the significant increase in operations expected to unfold in 2010-11, we strengthened our team at all levels and incurred various routine expenses, critical for the successful completion of the project, adding to costs. This additional cost (without the commensurate returns) weighed margins down.

Shareholders' funds

Our net worth increased 23% from ₹60.26 crore as on March 31, 2009 to ₹73.93 crore as on March 31, 2010. This increase was partly owing to ploughback of operational surplus into the business. Equity capital increased to ₹1.55 crore, owing to warrant conversion at ₹46 per warrant; it added ₹5.58 crore to the reserve balance in 2009-10.

Consequently, reserves and surplus balance increased from ₹46.63 crore as on March 31, 2009, to ₹59.48 crore as on March 31, 2010, indicating our strength in funding future capital expenditure. Our promoters held 44.07% of the equity capital as on September 30, 2010. Our institutional investment was 0.37% of the equity.

External fund and liability

The external debt portfolio decreased from ₹48.90 crore as on March 31, 2009, to ₹41.41 crore as on March 31, 2010. Of the total debt outstanding as on March 31, 2010, ₹23.40 crore was in foreign currency, where we took a hedge on the interest rate. It repaid ₹5.85 crore (foreign exchange loans to the tune of US\$1.296 mn), resulting in significant savings on interest cost. Consequently, debt stood at ₹41.41 crore as on March 31, 2010 against ₹48.90 crore as on March 31, 2009.

Interest savings on working

Operational cost analysis

(₹ crore)

	2009-10	Percentage of total income	2008-09	Percentage of total income	Growth (%)
Raw materials	26.57	39	10.15	36	131
Manufacturing cost	30.48	45	13.18	47	162
Employee costs	2.80	4	2.46	9	14
Administration, selling and distribution expenses	5.21	8	4.93	8	6

capital loans was significant. The RBI guideline instructed banks to provide complete dollar funding for working capital limits to companies with an export exposure; earlier rupee working capital facility was about 60% of the total limit. This policy helped reduce the average cost on working capital loans of ₹13.50 crore by 525 bps and strengthened the interest cover.

Gross block

Our gross block increased 23.10% from ₹59.95 crore in 2008-09 to ₹73.80 crore in 2009-10, owing to investments in moulds and dies. Accumulated

depreciation, as a proportion of gross block, stood at 13.67 in 2009-10 (9.92 %), reflecting newness of the gross block.

Investment

Investments stood at ₹5 lac in 2009-10, whereas 2008-09 witnessed no investments made by us. The investments were made in the equity shares of JHS Svendgaard Hygiene Products Limited, formerly known as Nikiven Personal Care Private Limited, India.

Working capital management

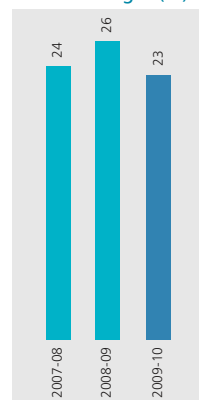
Working capital outlay increased 51.28% from

₹25.70 crore as on March 31, 2009, to ₹38.88 crore as on March 31, 2010, owing to an increase in sundry debtors. However, sundry creditors also increased 455.87% against a 524.49% increase in debtors. Working capital, as a proportion of net sales, stood at 56.79% in 2009-10 against 91.72% in 2008-09.

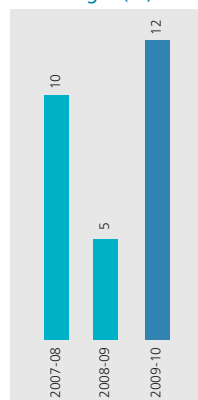
Taxation

Total tax paid increased from ₹0.03 crore in 2008-09 to ₹0.87 crore in 2009-10. Our Company enjoys locational benefits, with excise, sales tax benefits for 10 years and income tax benefits for five years.

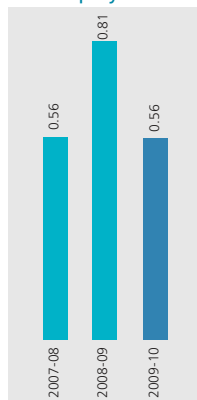
EBIDTA margin (%)



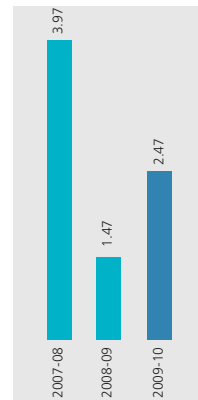
Net margin (%)



Debt-equity ratio



Interest cover



Managing uncertainties

Risk can be defined as expression of the uncertainties and possible outcomes that could materially impact a company's performance and prospects. A responsible corporate, your Company

identifies, assesses and takes proactive measures to minimise or eradicate the potential loss arising from exposure to particular risks on the one hand, and maximise returns, on the other.

We have a comprehensive risk management model with strict norms and reporting framework. The risk management discipline ensures that the initiatives trickle down to lower levels for effective implementation.

Consequently, we take business decisions which maximise the returns, minimising the effects of the risks associated with them. The risk management policy is attuned to our strategic direction.

Risks associated with the MNC outsourcing relationship

Client attrition could be detrimental

- We entered into a long-term agreement with P&G, a leading MNC in the FMCG space.
- Our MNC partner entered into business alliances after considered care, adding a new business partner in India after a

17-year span. Once entered, it sustains these relationships across the long term.

- Our ₹68-crore capital expenditure demonstrates our long-term commitment to the business of captive and outsourced product lines.

Decline in client sales could impact performance

- Our existing relationship covers two segments – laundry and oral care products.
- Our global partner's competitive edge is lower than industry cost by an estimated 40%, driving demand growth and need for increased product supply.

- Our facility is our partner's second laundry products' supply source and the partner enjoys fiscal benefits (excise and sales tax, among others) only from us, a decided advantage.

- We have a number of large and regular customers who can plug any unexpected outsourcing shortfall in oral care products.

Inability to meet the MNC's business growth could result in penal implications for JHS

- Our business partner helped us in commissioning projects on schedule, maximising business opportunities.
- We inducted key executives from units earlier supplying similar products to outsourcing MNCs, accelerating the

learning curve.

- We deputed an experienced team to strengthen logistics infrastructure, system and process leading to on-time delivery.
- We recruited 23 members in 2009-10 to manage growing scale; we tied up with ITI graduates for recruitment in 2010-11.

Inadequate low-cost working capital could affect viability

- An increase in working capital requirement is not expected

to be significant despite rising volumes.

- The scale-up will be phased; interim sales will generate cash flow to enhance liquidity.

Fluctuation in product quality could impact contract sustainability

- All our equipment was procured by our business partner, matching the equipment in operation at its own facilities, covering high automation and stringent in-process quality checks.
- The team operating this equipment is being trained to

match international best practices and to manage all in-process challenges.

- The products from these units undergo dual quality checks – one by our Company's quality assurance team and the other by our global business partner's quality control experts. This ensures that every product batch leaving our facilities consistently match quality specifications.

Other business risks

Business growth could be impacted by a sectoral downturn

- Oral care products are a necessity in Indian households and their demand is not significantly impacted by economic cycles.
- Oral product penetration in India is low (toothbrushes at 48.6% and toothpastes/powders at 72.3%); enhanced literacy and oral hygiene awareness in a younger India (average age

26 years) is expected to enhance oral care product consumption.

- Increased urbanisation is expected to drive oral care product demand
- Increased rural penetration is expected to drive toothpaste and toothbrush volumes

Increased focus on a single customer could lead to the attrition of other clients

- We possess sizeable spare capacity across product segments; we added six new customers in 2009-10 to fill these capacity spaces.
- We are adding new capacities, ensuring that existing

relationships are not disturbed while keeping a provision for growth.

- Our business volumes with key customers increased in 2009-10.
- We retained every single client in the last decade owing to our ability to service with timely and quality products delivery.

Stringent negotiation by large FMCG customers could impact profitability

- We are a preferred private label manufacturing partner in India owing to our locational advantage, which provides long-term fiscal sops that may not be available to other outsourcing partners, strengthening negotiation capability.
- Our R&D department continuously endeavours to reduce

production cost by optimising the consumption of high-cost inputs without impacting product quality.

- Our increasing production volumes provide economies of scale, optimising operational costs.
- We include price variation clauses as a part of our agreements with most customers to accommodate significant increases in input costs.

Large FMCG clients prefer to work with multiple outsourcing partners locationally dispersed as a derisking against any overdependence on a single vendor

- Our facilities are proximate to two of our large customers; Dabur's unit is only 110 km from our operating unit; the P&G unit is only 100 km away.

- Our reduced product development cycle, the prolonged business relationship and operational superiority ensured a sustained business relationship marked by increased volumes – sales to Dabur increased 13% in 2009-10, for instance.

- We are launching our own brands imported from the US 2010 onwards, products being launched for the first time in India.

Notice

Notice is hereby given that the Sixth Annual General Meeting of the Members of JHS Svendgaard Laboratories Limited will be held on Tuesday, December 28, 2010 at 10.00 am at the Registered Office of the Company at Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District Sirmour, Himachal Pradesh, Pin - 173030 to transact the following business:-

Ordinary Business:

1. To receive, consider, and adopt the Audited Profit & Loss Account for the financial year ended on March 31, 2010 and the Balance Sheet as at March 31, 2010 together with the Directors' Report & Auditors' Report thereon.
2. To declare Dividend for the Financial Year ended on March 31, 2010 at ₹0.50 per equity share of ₹10/- each.
3. To appoint a Director in place of Mr. Mukul Pathak who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vanamali Polavaram who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors and fix their remuneration and in this regard, to consider and if thought fit, pass with or without modification(s), the following resolution as an Ordinary Resolution:

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

Special Business:

6. To consider and if through fit, pass with or without modification (s), the following resolution for re-appointment of Mr. Nikhil Nanda as Managing Director of the Company and to move the following as Special Resolution :-

"RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310, 311, 316, 317, Schedule XIII and other applicable provisions, if any of the Companies Act 1956 and Articles of Association of the Company, the consent be and is hereby granted for re-appointment of Mr. Nikhil Nanda as Managing Director w.e.f. April 18, 2010 for a period of 5 years whose term in the office shall not be liable to retire by rotation, on a monthly remuneration as decided by the Remuneration Committee from time to time.

FURTHER RESOLVED THAT in the event of any loss or inadequacy of profits in any Financial Year of the Company during his tenure as Managing Director of the Company, the remuneration payable to him shall be in accordance with the limits prescribed in Schedule XIII of the Companies Act, 1956 as amended from time to time subject to compliance of provisions thereof.

FURTHER RESOLVED THAT the Board and/or a duly constituted Remuneration Committee of the Board be and is hereby authorized to fix, vary and/or to revise the remuneration of Mr. Nikhil Nanda within the afore-stated overall limits under Companies Act, 1956 and the Board and/or the duly constituted Remuneration Committee is further authorized to settle any question in connection therewith or incidental thereto."

7. To consider and if through fit, pass with or without modification (s), the following resolution for increase in the borrowing limits of the Company under Section 293(1)(d) and to move the following as Ordinary Resolution :-

"RESOLVED THAT in super session of the resolution passed by the shareholders of the Company in the Extra-ordinary General meeting held on April 19, 2005 for granting authorization to the Board of Directors to borrow for and on behalf of the Company, an amount not exceeding ₹50 Crore (Rupees fifty crore only) and in pursuance to the provisions of Section 293(1)(d) of the Companies Act, 1956 and article 63 & 64 of the Article of Association of the Company, authorization be and is hereby granted to the Board of the Company to borrow for and on behalf of the Company from time to time, as may be considered necessary, sum or sums of money in any manner, and without prejudice to the generality thereof, by way of loans, advances, credits or otherwise in Indian currency from banks or financial institutions, other persons and whether the same be secured or unsecured or if secured, whether by way of mortgage, charge, hypothecation, pledge, or otherwise in any way whatsoever, on over or in respect of all or any of the Company's assets and effects and properties including uncalled capital, stock in trade notwithstanding that the monies so borrowed by the Company (apart from temporary loans and credits obtained from Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves i.e. reserves not set apart for any specific purpose, provided that the total amount so borrowed by the board and outstanding at any time shall not exceed ₹150 Crore (Rupees Hundred and Fifty Crore Only).

8. To Consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956

- A. For mortgaging and/or charging by the Board of Directors of the Company of all the immoveable and moveable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company to or in favour of ICICI Bank Limited (ICICI Bank) to secure: Working Capital Limits of ₹16.0 Million and Term Loan of

₹170.0 Million to JHS Svendgaard Laboratories Limited together with all interest thereon liquidated damages, commitment charge, premium on prepayment or on redemption, costs, charges, expenses, including any increase as a result of devaluation/ revaluation/ fluctuation in the rates of foreign currencies involved and all other moneys payable by the Company to ICICI Bank in terms of respective Facility Agreement entered into by the Company in respect of the said assistances and

- B. To the Board of Directors of the Company agreeing with ICICI Bank in terms of the Facility Agreement to reserve a right to take over the management of the business and concern of the Company in certain events.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to finalise with ICICI Bank documents for creating aforesaid mortgage and /or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolutions.

9. To consider and if thought fit pass the following resolution as a Special Resolution for approval of Employees Stock Options Scheme (ESOP):-

"RESOLVED THAT pursuant to Clause 23 of the Employee Stock Option Plan 2008 of the company, Clause 7 of the SEBI (Employee Stock Option Scheme) Guidelines 1999 {hereinafter referred to as "the Guidelines"} and any further statutory amendment, modifications & re-enactment thereto and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the 'Board' which expression shall also include a "Compensation Committee" constituted by the Board) or as may be prescribed or imposed while granting such Approvals, Permissions and Sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board, to amend the existing clauses of the ESOP Plan 2008 with respect to the definition of the employee and the term of the ESOP Plan 2008 by including the employees of the subsidiary company and to increase the term of the plan upto the date till the entire options be exercised by the employees of the company respectively.

RESOLVED FURTHER THAT the sub clause (iii) be added in the existing Clause 3(j) of the Employee Stock option Plan 2008 as to the definition of the Employee covered which be and is as follows:-

"(iii) A permanent employee who is on the payroll of the subsidiary company of the company whether located in or outside India".

RESOLVED FURTHER THAT the existing Clause 26.1 of the Employee Stock option Plan 2008 as to the Term of the Plan be and is substituted as under:-

"26.1 The Plan shall continue to be in force till the whole 5,00,000 Options covered under the scheme granted and be exercised by the eligible employees of the company unless terminated by the Company in between, in which case the Plan shall terminate on that date."

RESOLVED FURTHER THAT except above all the other provisions and clauses of the Scheme will remain same.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorized to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for giving effect to the above said alteration of memorandum of association and to settle any question, difficulty or doubt that may arise in this regard in such manner as the Board may deem fit and proper in its absolute discretion to be most beneficial to the company".

NOTES:-

- An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to the special businesses to be transacted at the meeting is annexed hereto.
- A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing a proxy as per the format in the Annual Report should, however, be deposited at the registered office of the Company not later than 48 (forty eight) hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies, partnership firm, etc. must be supported by appropriate resolution / authority, as applicable, issued by the member of organization.
- All Directors of the Company except Mr. Nikhil Nanda, who has been re-appointed as the Non- rotational Managing Director for a term of 5 years effective from April 18, 2010, are Rotational Directors in lieu of Section 255, 256 of the Companies Act, 1956 and two-third of the total of Rotational Directors, retire every year and, if eligible, offer themselves for re-appointment at the Annual General Meeting.
- The Register of Members and Share Transfer Register of the Company shall remain closed from December 24, 2010 to December 28, 2010 (both days inclusive).
- Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
- Shareholders holding the shares in physical form and desirous of making nominations are requested to send their requests in Form No.2B in duplicate (which will be made available on request).
- Dividend will be distributed through Electronic Clearing Services. Member holding shares in electronic form are requested to notify any change of address and change in bank details to their Depositories Participants. Their details as per

the records of the Depository Participants before the Book closure date will be considered for dividend distribution.

- The communication address of our Registrar and Share Transfer Agent (RTA) is Link Intime India Private Limited A-40, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi - 110028.
- For proper conduct of the Annual General Meeting, Members/Proxies should fill the attendance slip for attending the Meeting. Members are requested to sign at the place provided on the attendance slip and hand it over at the

entrance of the venue. Member who hold share(s) in electronic form are requested to write their DP ID and Client ID number and those who hold share(s) in physical form are requested to write their folio number in attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.

- The Members desirous of any information on the Accounts are requested to write to the Company atleast a week before the meeting so as to enable the management keep the desired information ready.

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

Name of Director	Mr. Mukul Pathak	Mr. Vanamali Polavaram	Mr. Nikhil Nanda
Date of Birth	13-01-1967	24-09-1946	26-09-1972
Brief Resume	Mr. Mukul Pathak, Independent Director, aged 43 years, is a Masters in Psychology from Anna Malai University. He has over 15 years of experience in the field of education to his credit. He started his career from Vajiram & Ravi, an esteemed institution renowned in the field of imparting education for the preparation of Civil Services Examination and currently working with the same institution in Delhi.	Mr. Vanamali Polavaram, Independent Director, (IAS Retired) aged 64 years, is a MA (English), MA (Political Science) MBA. He retired as Resident Commissioner, Government of West Bengal. He worked with the State Government of West Bengal and Government of India in various positions. He has administrative experience of over 30 years to his credit.	Mr. Nikhil Nanda, Managing Director, aged 38 years, is a first generation entrepreneur with over 17 years of experience in the Oral Care Industry. He holds a degree of Post Graduate Diploma in Business Management - Finance and Marketing from FORE School of Management, New Delhi. He is the vision and direction behind the Company in tune with the current market scenario, of being a global village working and establishing manufacturing facilities to service the world.
Date of Appointment	January 1, 2006	February 2, 2007	October 8, 2004
Expertise in specific Functional Area	Professional Guidance in Planning.	Technical Guidance in Administration.	Exploring international markets for the Company's growth.
Qualifications	Masters in Psychology	MA (English), MA (Political Science) and MBA.	PGDBM - Finance and Marketing from FORE School of Management, New Delhi.
Directorship held in other public Companies		N.A	1. JHS Svendgaard Dental Care Limited 2. JHS Svendgaard Hygiene Products Limited
Membership/chairmanship of other public companies	N.A	N.A	N.A
Shareholding in the Company	Nil	Nil	56,00,542 Shares

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

Sd/-
Anshu Kumar Chakravorty
(Company Secretary)

Place: New Delhi
Date: November 23, 2010

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

Item No. 6

The Board of Directors of the Company has approved the re-appointment of Mr. Nikhil Nanda, as Managing Director of the Company with effect from April 18, 2010. Mr. Nikhil Nanda, Managing Director, 38 years, is a first generation entrepreneur with over 17 years of experience in the Oral Care Industry. He started his career as an Executive with BKC Home Products Private Limited (August 1993 to July 1994) where he was involved, among others, in Planning, Sales Support and Customer Analysis. As the Managing Director of the Company he has been instrumental in the growth of the Company, defining the investment plans, business strategy, market orientation and customer relations. He has dealt with all the facets of the business ever since the constitution.

The remuneration paid to Mr. Nikhil Nanda would be as approved by the Remuneration Committee of the Company and would not exceed the limits prescribed under Section 198, 309, Schedule XIII and other relevant provisions of the Companies Act, 1956.

None of the Directors, except Mr. Nikhil Nanda, are concerned or interested in the appointment and remuneration payable to him as a Managing Director of the Company. The terms of appointment of Mr. Nikhil Nanda, as stated in this notice, may be treated as the abstract of terms and conditions of appointment and memorandum of interest under Section 302 of the Companies Act, 1956.

The other details as required under Clause 49 of the Listing Agreement are provided in the Notes above.

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

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

Item No. 7

Pursuant to the provisions of Section 293(1) (d) of the Companies Act 1956, the Board of Directors of the Company cannot, except with the consent of the Company in the General Meeting, borrow money in the aggregate (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) which exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

Presently, considering the increase in the level of operations and its expansion plans, the Board is of the opinion that this limit needs to be increased to Rupees One Hundred and Fifty Crore

(₹150 Crore) over and above the paid up capital and free reserves of the Company for the time being.

None of the Directors is interested or connected in this Ordinary Resolution.

Your Board recommends the Ordinary Resolution for your approval.

Item No. 8

Section 293 (1) (a) of the Companies Act, 1956 provides that the Board of Directors of Public Limited Company shall not, without the consent of such public limited company, in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

As the assistances from the aforesaid institutions have to be secured by the first mortgage of the immovable properties and first charge by way of hypothecation of the moveable properties of the Company, both present and future and the whole of the undertaking of the Company and the aforesaid institutions would like to retain a power to take over the management of the business and concern of the Company in certain events, it is necessary for the members to pass a resolution under Section 293 (1) (a) of the Companies Act, 1956.

None of the Directors is interested or connected in this Ordinary Resolution.

Your Board recommends the Ordinary Resolution for your approval.

Item No. 9

The Company has always believed in rewarding its employees for their continuous hard work, dedication and support, which has led the Company on a growth path. To enable more and more employees to enjoy the fruits of the phenomenal growth that the Company has witnessed in the recent past it is proposed to make some minor modifications to the Employee Stock Options Scheme (ESOP). The main objective of the Scheme is to offer all the employees who are performing well, a certain minimum opportunity to gain from the Company's performance thereby acting as a retention tool and to attract best talent available in the Market.

Stock Options create a sense of belongingness among the employees for the Company, paving the way for a unified approach by the employee and the Company to the common objective of enhancing overall shareholders value.

At the Annual General Meeting of JHS Svendgaard Laboratories Limited held on Saturday September 29, 2007, wherein the members has approved the ESOP 2008, containing the provision that the member has the authority to approve the modification as may be deemed necessary in the interest of the employee.

Pursuant to that authority it is proposed to make some minor modifications to the scheme to cover employees of the subsidiary Company as they are not covered initially and to remove the term of the plan which is presently 5 years to a period till all the shares covered under the plan is exhausted.

The Company recognises and appreciates the critical role played by the employees of the Company and its subsidiaries in bringing the growth of the Organisation. To promote the culture of employee ownership in the Company, it's required that the value created by them should be shared with them. Further yours Company's subsidiary are of strategic importance in its growth plans. Stock options will support the objective of creating value for your Company's subsidiary. The Company has following subsidiaries as on date:

1. JHS Svendgaard Dental Care Limited
2. Jones H. Smith

The members do note that till date no options have been granted under the scheme and a time period of approximately 2.5 years has been elapsed. Therefore the Board wants to increase the term of the plan and instead of revising it time to time the same be decided to relate the life of the plan with the number of shares covered under ESOP - i.e. 500,000 equity shares.

The Salient features of the amended points of the Scheme which has been duly approved by the Board on the recommendation of the Compensation Committee are as follows:

a. Definition of the Employee:

The Definition of the Employee as mentioned in Clause 3(i) of the Employee Stock Option Plan will be read as mentioned below:

- i) A permanent employee who is on the payroll of the

Company, whether located in or outside India and who is subject to the control and direction of the Company with respect to both, the work to be performed and the manner and method of performance;

- ii) A director of the Company, whether a whole time director or not.
- iii) A permanent employee who is on the payroll of the subsidiary company of the Company whether located in or outside India".*

b. Term of the Plan:

The Term of the Plan as mentioned in Clause 26 of the Employee Stock option Plan 2008 will be read as mentioned below:

Clause 26:

26.1 The Plan shall continue to be in force till the whole 5,00,000 Options covered under the scheme granted and be exercised by the eligible employees of the company unless terminated by the Company in between, in which case the Plan shall terminate on that date."*

26.2 Any such termination of the Plan shall not affect Options already granted and such Options shall remain in full force and effect as if the Plan had not been terminated unless mutually agreed otherwise between the Participants and the Committee/ the Company.

*Added new

Except the above mentioned Clauses, all the other provisions and clauses of the ESOP Scheme will remain same.

The Board recommends the special resolution for your approval. None of the Directors of the Company are in any way concerned or interested in the resolution except to the extent of the securities that may be offered to them under the scheme.

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

Sd/-
Anshu Kumar Chakravorty
(Company Secretary)

Place: New Delhi
Date: November 23, 2010

Directors' Report

Dear Shareholders

Your Directors are pleased to present Sixth Annual Report and the Statements of Accounts for the financial year ended on March 31, 2010.

Financial Results:

The Financial highlights of the Company are given below:-

(Amount in ₹ Lac)

Particulars	Standalone		Consolidated	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Net Sales/Income from Operations	5107.85	2799.43	6845.83	2802.44
Other Income	11.86	36.80	11.86	37.61
Interest & Finance Charges	297.85	293.10	299.64	295.19
Depreciation	413.31	304.10	414.57	304.49
Profit before Tax	661.41	163.11	889.98	137.86
Provision for Tax	91.17	16.57	87.52	8.90
Profit after Tax	570.24	152.02	802.46	128.96
Profit to be carried to the Balance Sheet	159.25	111.15	802.46	128.96
Paid up Equity Share Capital (Face Value of ₹10/- each)	1445.00	1290.00	1445.00	1290.00
Reserves excluding revaluation reserves	5720.62	4674.33	5948.65	4662.95
Basic EPS (in Rupees not annualized)	4.16	1.14	5.89	1.07
Diluted EPS (in Rupees not annualized)	3.95	1.12	5.59	1.06

Dividend:

Considering the Company's financial performance, the Directors have recommended a final dividend of ₹0.50 per equity share of the face value of ₹10/- for the financial year ended on March 31, 2010. The final dividend, subject to approval of shareholders, at the forthcoming Annual General Meeting of the Company on December 28, 2010.

Scheme of Amalgamation:

The Board of Directors of your Company at its Board Meeting held on July 7, 2010, has considered and approved the Scheme of Amalgamation of the JHS Svendgaard Hygiene Products Limited, Waves Hygiene Products (a Partnership Firm) with your Company.

The Amalgamation will result in an integrated operation which qualifies the Company to participate in the market of Fast Moving Consumer Goods, besides providing synergy benefits to the existing operations.

Performance Review:

We take pride in mentioning that there has been a method in achieving this continuous strong growth trend namely, of maintaining a discipline on the fundamentals of persuasive and consumer-meaningful innovations backed by distribution expansion. The national as well as international market are poised for recovery, but with sharp regional disparities. There has been increase in the revenue during the period under review. The net sales/income from operations has gone up to

₹5,107.85 Lac as compared to ₹2,799.43 Lac in the previous year. The Net Profit (after tax) has increased from ₹146.54 Lac to ₹570.24 Lac. This rise in the profit of the Company is as a result of optimum utilization of the available resources.

Application Of IPO Proceeds:

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

Employee Stock Option Plan 2008:

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

Certificate from Auditor:

Certificate from the Auditor of the Company in terms of Clause 14 of SEBI (Employee Stock Option Scheme) Guidelines, 1999, certifying that the scheme has been implemented in accordance with the guideline and in accordance the resolution passed by the company in the General Meeting, is not required as no employee of the Company have accepted the grant offered to them.

Recognition/Award:

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

Directors:

Reappointments

Mr. Nikhil Nanda as Managing Director of the Company whose five year tenure was concluded on April 18, 2010 and after he offered himself for re-appointment, the Board of Directors at its meeting held on April 17, 2010 approved the resolution of his reappointment. The same is presented before the shareholders for their confirmation.

Mr. Mukul Pathak, Independent Director of the Company, liable to retire by rotation at the forthcoming Annual General Meeting on December 28, 2010 and being eligible, offer himself for re-appointment.

Mr. Vanamali Polavaram, Independent Director of the Company, liable to retire by rotation at the forthcoming Annual General Meeting on December 28, 2010 and being eligible, offer himself for re-appointment.

Necessary resolutions for re-appointment of Mr. Mukul Pathak and Mr. Vanamali Polavaram are being included in the notice convening Annual General Meeting. Brief resume of the Director's being re-appointed, as required by clause 49 of the Listing Agreement are furnished in the explanatory statement to the notice convening Annual General Meeting.

Auditors:

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

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

With reference to the observation mentioned in Para (VII) to the Annexure of the Audit Report specified by the Auditor of the Company for the improvement of internal control system of the Company. Pursuant to this observation the Company has developed very comprehensive legal compliance manual which makes the hierarchy of the employees responsible for the compliance in the Company

Listing:

Since October 21, 2006 your Company's Equity Shares are listed with Bombay Stock Exchange Limited and National Stock

Exchange of India Limited. The Company has paid the applicable listing fee to both the stock exchanges.

Subsidiary Companies:

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

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

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

Particulars of Employees:

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

Energy, Technology and Foreign Exchange:

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

Corporate Governance:

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

Management Discussion and Analysis Report:

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

Deposits:

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

rules made there under.

Director's Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, in relation to financial statements for the Financial Year ending on March 31, 2010, the Directors' report that:-

- In the preparation of the annual accounts, the applicable accounting standards had been followed and that no material departures have been made from the same;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of Affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 safeguarding of the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

Industrial Relations:

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

As on March 31, 2010, in all there were 290 employees on the roll of the Company. Out of these, 50 were at the executive level and the remaining 240 were in non-executive level. Apart from them, the workers have been appointed through Contractors.

Acknowledgement:

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

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

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

Sd/-	Sd/-
Nikhil Nanda)	(Guninder Bhalla)
Managing Director	Director
DIN- 00051501	DIN- 01987186

Place: New Delhi
Date: November 23, 2010

Annexure "A"

The status of employee stock option, as on March 31, 2010 is as under:

S. N.	Particulars	2009-10
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 ₹)	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"

1. Conservation of Energy:

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

Power and fuel Consumption	Units	2009-10	2008-09
1. Electricity			
(A) Purchased			
- Units	Kwh	24,67,036	25,14,201
- Total Amount	₹ in Lacs	103.65	101.83
- Rate/Unit	₹	4.20	4.05
(B) Own Generator			
- Through Diesel Generator Units	Kwh	3,60,000	3,39,830
- Unit per litre of Diesel Oil	Kwh	4.43	5.38
- Cost/Unit	₹	7.39	6.41
- Through steam turbine/generator			—
2. Other/Internal generation light/diesel oil/diesel oil/furnance oil			
(A) Quantity			
Total Cost		—	—
Average Rate		—	—
(B) Consumption Per unit of Production			
1) Electricity			
Oral Care Products	Kwh/Per Unit	0.02	0.02
2) Through Diesel Generator			
Oral Care Products	Kwh/Per Unit	0.00	0.00

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

Annexure "C"

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

The Company has continued its endeavor to absorb best of the technologies for its products range to meet the requirements of globally competitive markets. The Company undertakes from time to time, various studies for process improvement, quality improvement and economies in production cost. The Company has a R&D team having good experience and well equipped with all the latest technologies and machines that help the Company to compete with the competitors who exist in both Organised and 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 Upgradation
- Quality enhancement to achieve International Standards.
- New Process Development
- Analysis of alternative raw materials

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

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

3. Expenditure of R&D (Amount in Rupees)

S.No	Particulars	2009-10
(a)	Capital	5,635,500
(b)	Recurring	174,262
(c)	Total	5,809,762
(d)	Total R&D Expenditure as a percentage of total turnover	0.011

4. Foreign Exchange Earnings and Outgo (Amount in Rupees)

Particulars	2009-10	2008-09
Foreign Exchange Outgo		
Travelling	7, 31,664	9,07,934
Raw Materials	1,65,61,981	49,513,574
Finished Goods	—	—
Capital Goods	3,31,16,270	123,246,126
Foreign Exchange Earnings		
Earning in Foreign Exchange	84,094,078	71,784,890

Report on Corporate Governance



Company's Philosophy on Code of Corporate Governance:

Your Company has been practicing the principles of good Corporate Governance over the years and lays strong emphasis on transparency, accountability and integrity. The Company's philosophy continues to be responsive to the aspirations of customers, suppliers, lenders, employees, the shareholders and the expectations of the society. This objective extends not merely to meet with statutory requirements but also to go beyond them by putting into place procedures and systems which are in accordance with best practices for governance. Thus, the Company ensures that its corporate governance practices are monitored and executed through strong Board oversight, timely disclosures, transparent accounting policies and high levels of integrity in decision-making.

Board of Directors:

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

Details of composition and category of the Board, attendance of Directors in the Board Meetings and last AGM, number of directorships and chairmanships/memberships of committee of each Director held in other public companies are shown below:

Name of Director	Category	Meetings attended	Attendance at the Last AGM	Directorship in other Cos.	Committee positions held in other Cos.	
					Chairman	Member
D. S. Grewal	Chairman	3	No	Nil	Nil	Nil
Nikhil Nanda	Managing Director	12	Yes	Six	Nil	Nil
G.K. Nanda	Whole-time Director	12	No	Nil	Nil	Nil
Puneet Kumar Manglik*	Executive Director	7	No	Two	Nil	Nil
P Vanamali	Independent Director	9	No	Nil	Nil	Nil
Mukul Pathak	Independent Director	12	Yes	One	Nil	Nil
Guninder Bhalla	Independent Director	8	Yes	Three	Nil	Nil

*Mr. Puneet Kumar Manglik has resigned as Executive Director W.e.f. October 31, 2009.

*Mr. Guninder Bhalla was appointed as Independent Director W.e.f. August 13, 2009

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

Date of Board Meetings:

During the Financial Year 2009-10, total 12 Board Meetings were held on April 14, 2009, June 30, 2009, July 31, 2009, August 13, 2009, August 25, 2009, September 25, 2009, October 31, 2009, January 05, 2010, January 30, 2010, February 10, 2010, March 2, 2010, March 30, 2010.

Audit Committee:

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

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

The Committee met five times during the course of the Financial Year i.e. June 30, 2009, July 31, 2009, August 25, 2009, October 31, 2009 and January 30, 2010. All the members of the committee were present in all the meetings and have sound financial and accounting knowledge. The Company Secretary acts as the Secretary to the committee.

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

Remuneration Committee:

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

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

No Meeting was held during the Financial Year 2009-10.

The functioning and terms of reference of the Committee are as prescribed under Schedule XIII of the Companies Act, 1956. The Committee determines the Company's policy on all elements of the remuneration of Directors and senior managerial personnel. The remuneration of Directors is approved by the Remuneration Committee and the Board of Directors as per the remuneration

policy of the Company within the ceiling fixed by the shareholders. The remuneration policy of the Company is aimed at rewarding performance based on periodic review of achievements. The overall philosophy is to keep employees motivated to deliver higher performance within the overall targeted wage bill. The Remuneration paid to the directors was as follows:

Name of the Director	Designation	Salary & Perquisites (₹)
Nikhil Nanda	Managing Director	12,94,167
G.K. Nanda	Whole time Director	1,20,000
Puneet Kumar Manglik*	Executive Director	2,45,000
Total		16,59,167

*Puneet Kumar Manglik has resigned from the office of directorship w.e.f October 31, 2009.

The payment to Non -Executive Directors is made in the form of sitting fees for attending the Board meetings. No commission is paid to any of the Directors. Total sitting fees paid during the Financial Year is ₹27,000/-. The Sitting fee paid to Non executive Directors is ₹500/- for attending per meeting.

Shareholding of Directors in the Company:

Details of Shareholding of Directors in the Company are as follows:-

Name of the Director	Designation	No. of Shares	Shareholding (%)
Daljit Singh Grewal	Chairman	1500	0.01
Nikhil Nanda	Managing Director	5600542	38.49
Gopal Krishna Nanda	Whole time Director	120	0.00
Gurinder Bhalla	Independent Director	—	—
Vanamali Polavaram	Independent Director	—	—
Mukul Pathak	Independent Director	—	—
Total		5602162	38.50

Shareholders'/ Investors' Grievance Committee:

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

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



The meetings of the committee were held on June 30, 2009, July 31, 2009, October 31, 2009 and January 30, 2010 and all the members of the committee were present in all the meetings.

The Committee, inter alia, approves issue of duplicate certificate and oversees and reviews all matters connected with transfer of securities of your Company. The Committee also looks into redressal of shareholders complaints related to transfer of share, non-receipt of balance sheet, non-receipt of declared dividend, etc. This committee also approves/ rejects the applications for share transfers/transmission/duplicate/split/remat/consolidation etc. Company has received 11 complaints from the shareholders during the Financial Year ending March 31, 2010 and all the complaints were disposed off during the year.

Compensation Committee:

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

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

The meeting of the committee was held on October 31, 2009 and all the members were present in that meeting.

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

Chief Executive Officer & General Manager (Accounts) Certification

Certificate from Mr. Nikhil Nanda, Chief Executive Officer of the Company and Mr. Rakesh Sabharwal, General Manager (Accounts) of the Company in terms of Clause 49 (V) of Listing Agreement for the financial year ended as on March 31, 2010 was placed before the Board of Directors of the Company in its meeting held on May 29, 2010.

Compliance Officer:

Mr. Jagmohan Bijalwan resigned as Company Secretary & Compliance officer of the Company on January 30, 2010 and Mr. Anshu Kumar Chakravorty, has assumed the charge of Company Secretary & Compliance officer with effect from January 30, 2010.

Code of Conduct:

The Code is derived from three essential and basic principles, which form the ingredient of a growing Company viz. Good Corporate Governance, Good Corporate Citizenship and Good Ethics. The Company has code of conduct applicable to Executives and Non-executives Directors as well as senior management personnel. All the board members and senior management of the Company have affirmed compliance with their respective code of conduct for the Financial Year ended on March 31, 2010. A declaration to this effect, duly signed by the Managing Director is annexed hereto.

Subsidiary Companies:

The Company does not have any material non listed Company, as per clause 49 of listing agreement and hence, it is not required to have an Independent Director of the Company on

the Board of such subsidiary Companies. The Audit Committee also reviewed the financial statements of the subsidiary companies. The board and audit committee also analysed investments made by the Company's non listed subsidiaries during the year.

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

General Body Meetings:

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

Year	Category	Venue	Date	Time
2008-09	Annual General Meeting	Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030	22.09.2009 (Tuesday)	2.00 PM
2007-08	Annual General Meeting	Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030	30.09.2008 (Tuesday)	2.00 PM
2006-07	Annual General Meeting	Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030	29.09.2007 (Saturday)	2.30 PM

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

Year	Category	Special Resolution Passed
2008-09	Annual General Meeting	Issuance of 11,00,000 Warrants to Promoter and Non – Promoter Group.
2007-08	Annual General Meeting	No Special Resolution Passed.
2006-07	Annual General Meeting	Approval of Employees Option Scheme (ESOP)

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

Other Disclosures:

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

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

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

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

Code for Prevention of Insider-Trading Practices:

With SEBI imposing the responsibility of "Prohibition of Insider

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

Risk Management Policy:

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

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

Means of Communication:

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

Additional Shareholder Information



Company's Website:

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

Annual General Meeting

- **Date of the AGM** : Tuesday, December 28, 2010
- **Time of the AGM** : 10.00 AM
- **Venue of the AGM** : Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030

Stock Market Price Data:

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

Month	Bombay Stock Exchange		National Stock Exchange	
	(High) (₹)	(Low) (₹)	(High) (₹)	(Low) (₹)
April 2009	18.55	12.00	18.5	13.1
May 2009	25.50	15.20	25.95	14.1
June 2009	27.30	20.35	26.9	20.2
July 2009	24.75	19.25	23.9	17.65
August 2009	34.60	21.70	34.9	21.8
September 2009	33.90	28.00	33	28.1
October 2009	42.60	32.00	42.25	32.45
November 2009	44.70	36.00	44.35	36.1
December 2009	52.40	38.95	51	40.2
January 2010	59.00	48.20	61.5	49.05
February 2010	58.25	50.00	58.2	50.25
March 2010	58.05	49.05	58.8	47.5

Book Closure

The books will be closed from December 24, 2010 to December 28, 2010 (Both days inclusive) as annual book closure for the Annual General Meeting.

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

Listing

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

Registrar and Share Transfer Agent

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

Link Intime India Private Limited

A-40, Naraina Industrial Area,
Phase-II, Near Batra Banquet Hall,
New Delhi - 110028
Ph: 011-41410592
Fax: 011-41410591
Email: delhi@intimespectrum.co.in

E-mail ID for Investor Grievances:

cs@svendgaard.com



Shareholding Pattern as on March 31, 2010

Category	As on March 31, 2010		As on March 31, 2009		% Variance 2010 Vs 2009
	No. of shares	%	No. of shares	%	
Promoter Group	6740621	46.67	5993621	46.46	0.21
Mutual Funds/UTI	—	—	—	—	—
Government Companies, Financial Institutions, Banks	—	—	—	—	—
Foreign Institutional Investors	270455	1.87	—	—	1.87
Bodies Corporate	3534134	24.48	2989824	23.18	1.30
Individuals	3674123	25.43	3597565	27.89	(2.46)
Non Resident Individuals	34403	0.24	170752	1.32	(1.08)
Other	196271	1.36	148245	1.15	0.21
Total	14450007	100.00	12900007	100.00	

Pattern of shareholding by share class as on March 31, 2010

Shareholding of nominal value of		Shareholders		Shares Amount				
₹	₹	Number	% of Total	Physical	NSDL	CDSL	Total	% of total
Up to	2,500	4025	63.476	6050	3297410	1265290	4568750	3.162
2,501	5,000	1263	19.918		3392460	1263420	4655880	3.222
5,001	10,000	590	9.305	9000	3453270	1215210	4677480	3.237
10,001	20,000	206	3.249	45000	2069830	1089260	3204090	2.217
20,001	30,000	59	0.930		963170	561350	1524520	1.055
30,001	40,000	34	0.586		754390	530320	1284710	0.889
40,001	50,000	25	0.394	45000	625120	519290	1189410	0.823
50,001	1,00,000	63	0.994		2879490	1779330	4658820	3.224
1,00,001 & Above		76	1.199		98653270	20083140	118736410	82.170
Total		6341	100.000	105050	116088410	28306610	144500070	100.000

Dematerialization of Shares and Liquidity

As on March 31, 2010, 14439502 shares of ₹10/- each are in electronic form. This constitutes 99.93% equity shares of the total paid up capital of the Company.

■ Outstanding Securities:

The Company has issued One Lac convertible warrants to Non Promoter Strategic Investors at the price of ₹30/- each (Including the premium of ₹20/- each) at its Annual General Meeting held on September 22, 2009 which were converted in to Equity Shares at its Board meeting held on August 9, 2010.

Except the above warrants, the Company has never issued any Global Depository Receipts/American Depository Receipts.

Unit Location:

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

Declaration

I hereby confirm that all the Board Members and senior management personnel of the Company have affirmed their compliance of the 'Code of Conduct for Members of the Board and Senior Management' for the period commencing from April 1, 2009 and concluding on March 31, 2010 in terms of Clause 49(I) (D) (ii) of the Listing Agreement with the Stock Exchanges.

For JHS Svendgaard Laboratories Limited

Place: New Delhi
Date: November 23, 2010

Sd/-
Nikhil Nanda
Managing Director
DIN: 00051501

Compliance Certificate on Corporate Governance

To,
The Members of

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

I have examined all the relevant records of JHS Svendgaard Laboratories Limited for the purpose of certifying compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited & National Stock Exchange of India Limited, for the Financial Year ended on March 31, 2010. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

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

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

For Suresh K. & Associates
Company Secretaries

Place: New Delhi
Date: November 23, 2010

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

Management's Discussion & Analysis of Performance



Industry structure and development:

During the Financial Year 2009-10, the Fast Moving Consumer Goods markets in India continue to be attractive and have grown during the year under review. In the context of the global slowdown, the Indian market has become even more attractive and many new competitive entries have been witnessed leading to a significant increase in the overall competitive intensity. At the same time, the increased levels of inflation have had a somewhat dampening impact on the market growth of some of the categories, particularly in the second half of the year. Commodity prices have also been fairly volatile, particularly in the first half of the year.

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

During the financial year 2009-10, the toothpaste markets grow up near about 6 percent. The overall market environment continues to be very competitive. While the predominant business of the Company has been confined to Oral Care category where it faced intense competition, the outlook for industry is positive given the size of opportunity. The Company is hopeful that through a combination of powerful marketing strategies, innovative new products and expansion activities, the dentifrice market in India would continue to grow strongly over the next several years. In the face of an extreme competitive scenario and even with difficult economic conditions, the Company reinforced its leadership in the oral care market and achieved a commendable business performance.

Toothbrush

Approximately 700 million units per year of toothbrush are sold in the Country, your Company has a capacity of 270 million units per year including export and manufactures around 160 million units per year. By 2012 your Company plans to capture 60 -70% of the projected 1700 million unit toothbrush market.

Toothpaste

Out of the total sales of toothpaste 60% is from family platform and 35% sales on cosmetic propositions and 5% sale for therapeutic benefits. We use advanced machines and

manufacture products for both domestic & international clients catering to their specific needs as per required standards.

Future Outlook:

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

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

Opportunities and Threats:

Opportunities

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

Threats

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

Risk and Concerns:

Your Company like any other enterprise having national as well global business interests are exposed to business risks which may be internal as well as external. To ensure our long term corporate success, it is therefore essential that risks be effectively identified, 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. Your Company has 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 action. This enables active monitoring of the business environment and identification, assessment and mitigation of potential internal or external risks. The Board provides oversight and reviews the Risk Management Policy. In addition, there are regular internal audit activities carried out by the team of Internal Auditors who give their independent assessment on the risk mitigating measures and provide recommendations for improvement.

Internal Control:

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

The Company is trying to achieve adequate Internal Control Systems, which are well commensurate with the nature of its business and the size and complexity of its operations and provide reasonable assurances of recording the transactions of its operations in all material respects and protection against misuse or loss of Company Assets. Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations including those relating to strengthening of the Company's risk management policies and systems. The internal audit for the Financial Year ending March 31, 2010 was entrusted to M/s Samvit Grover & Co., Chartered Accountants, New Delhi.

Environment, Health and Safety:

Your Company continues another significant year with focus on the vision of an 'Injury Free' and 'Zero Environment Incidents' organization. The Company is committed in achieving this vision through a structured management system that has been put in place and is being followed as well as rigorously monitored for continuous improvement. The Company has achieved a sales turnover of Rupees 5107.85 Lac a phenomenal. The Company also pays utmost attention to safety of employees, related communities and environment at large and we are continuously focusing on the vision of a safe and pollution free environment. During the year, the Company had no fatal accidents.

Human Resources:

The belief that 'great people create great organizations' has been

at the core of the Company's approach to its people. We continued to make significant investments for training in the areas of marketing excellence, customer service and building capabilities for organized retail trade. Human Resources always have been, and shall continue to be, central to the growth of Company. We consider our human resource to be our most important assets. We are continuously making efforts in the development of Human Resource through a series of employee-

friendly measures aimed at talent acquisition, development, motivation and retention. Our endeavor is to develop a culture where a sense of belongingness and ownership of work are the key motivating factors and provide world class training to create a world-class work force. The aim is to lower the average employee age and invigorate the youth to take the Organization forward over the next few decades.

Segment-Wise Performance:

The Segment wise Performance as on March 31, 2010 is as mentioned below:

Segment Wise Revenue, Results and Capital Employed

S.No.	Particulars	Consolidated			
		Quarter Ended		Year Ended	
		31/03/2010 Audited	31/03/2009 Audited	31/03/2010 Audited	31/03/2009 Audited
A.	Segment Revenue				
	i) FMCG	2,032.16	536.17	5,107.85	2,799.43
	ii) Personal Care Products -Marketing & Distribution	1,211.09	–	1,720.46	–
	iii) Dental Care Clinics	6.17	2.58	17.52	3.77
	Total	3,249.42	538.75	6,845.83	2,803.20
B.	Segment Results: Profit/Loss Before tax and Interest				
	i) FMCG	512.67	243.53	962.99	447.48
	ii) Personal Care Products -Marketing & Distribution	189.05	(0.21)	241.65	(2.03)
	iii) Dental Care Clinics	(4.55)	(7.03)	(15.02)	(12.41)
	Total	697.17	236.29	1,189.62	433.04
	Less:				
	Interest	92.36	102.17	299.64	295.19
	Other Unallocable Expenditure				
	Total profit before Tax Exceptional Items	604.81	134.12	889.98	137.85
C.	Capital Employed (Segment Assets - Segment Liabilities)				
	i) FMCG	9,550.59	6,037.93	9,550.59	6,037.93
	ii) Personal Care Products -Marketing & Distribution	249.97	14.74	249.97	14.74
	iii) Dental Care Clinics	–	–	–	–
	Total Capital Employed	9,800.56	6,052.67	9,800.56	6,052.67

Cautionary Statement:

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

STANDALONE AUDITORS' REPORT

To,
The Members of,
JHS Svendgaard Laboratories Limited

- We have audited the attached Balance Sheet of JHS Svendgaard Laboratories Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the paragraph 3 above, we report that:
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
 - in the case of the profit and loss account, of the profit for the year ended on that date; and
 - in the case of cash flow statement, of the cash flows for the year ended on that date.

For Haribhakti & Co.
Chartered Accountants
FRN No.103523W

Sd/-

Raj Kumar Agarwal
Partner

Place: New Delhi
Dated: May 29, 2010

Membership No.: 074715

ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of JHS Svendgaard Laboratories Limited. on the financial statements for the year ended March 31, 2010]

<p>i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>b) The fixed assets have been physically verified by the management during the year. As informed, no material discrepancies were noticed on such verification.</p> <p>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.</p> <p>ii) a) The inventory has been physically verified by the management during the year.</p> <p>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.</p> <p>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.</p> <p>iii) a) The Company has granted loan to three companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹48,409,264 and the year end balance of loans granted to such parties was ₹4,070,436.</p> <p>b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.</p> <p>c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the Company.</p> <p>d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.</p> <p>e) The Company had taken loan from a Director covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount</p>	<p>outstanding during the year was ₹1,376,500 and the year-end balance was ₹1,176,500.</p> <p>f) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.</p> <p>g) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.</p> <p>iv) In our opinion and according to the information and explanations given to us, the internal control system needs to be strengthened in commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the Company.</p> <p>v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.</p> <p>b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.</p> <p>vi) 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.</p> <p>vii) <i>In our opinion, the Company needs to be further strengthen its internal audit system to be commensurate with the size and nature of its business.</i></p> <p>viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.</p> <p>ix) a) The Company is generally regular in depositing with</p>	<p>appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.</p> <p>Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.</p> <p>b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.</p> <p>c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.</p> <p>x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.</p> <p>xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Banks. There are no dues payable to a financial institution or debenture holders.</p> <p>xii) We are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.</p> <p>xiv) In our opinion, the Company is not dealing in or trading in</p>	<p>shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.</p> <p>xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.</p> <p>xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.</p> <p>xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.</p> <p>xviii) According to the information and explanations given to us, the Company has made preferential allotment of 800,000 equity shares by virtue of conversion of warrants to partly covered in the register maintained under section 301 of the Act during the current year.</p> <p>xix) The Company did not have any outstanding debentures during the year.</p> <p>xx) There has been no utilization of money raised by public issues during the current year.</p> <p>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.</p> <p style="text-align: right;">For Haribhakti & Co. Chartered Accountants FRN No.103523W</p> <p style="text-align: right;">Sd/- Raj Kumar Agarwal Partner</p> <p>Place: New Delhi Dated: May 29, 2010</p> <p style="text-align: right;">Membership No.: 074715</p>
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BALANCE SHEET

As at March 31, 2010

(Amount in ₹)

	Schedule No.	As at 31.03.2010	As at 31.03.2009
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	144,500,070	129,000,070
b) Share Warrant		–	7,360,000
c) Reserves and Surplus	2	572,062,106	467,433,246
		716,562,176	603,793,316
2. Loan Funds :			
a) Secured Loans	3	402,014,551	470,617,580
b) Unsecured Loans	4	11,176,500	1,376,500
		413,191,051	471,994,080
Total		1,129,753,227	1,075,787,396
II. APPLICATION OF FUNDS			
1. Fixed Assets	5		
a) Gross Block		735,976,099	538,066,111
b) Less : Depreciation		100,796,636	59,465,724
Net Block		635,179,463	478,600,387
c) Capital Work in Progress including Capital Advances		124,127,566	294,002,164
		759,307,029	772,602,551
2. Investments	6	1,588,330	2,178,680
3. Deferred Tax Assets (Net)		1,962,343	57,827
4. Current Assets, Loans & Advances			
a) Inventories	7	165,181,060	161,829,236
b) Sundry Debtors	8	295,479,114	69,371,929
c) Cash & Bank Balances	9	2,099,125	14,123,986
d) Other Current Assets	10	3,277,999	3,576,076
e) Loans & Advances	11	52,693,521	88,508,841
		518,730,819	337,410,068
Less : Current Liabilities & Provisions			
a) Current Liabilities	12	133,696,654	32,311,650
b) Provisions	13	18,138,640	4,150,080
		151,835,294	36,461,730
Net Current Assets		366,895,525	300,948,338
Total		1,129,753,227	1,075,787,396
Significant Accounting Policies and Notes forming integral part of the Accounts	21		

As per attached report of even date.

For Haribhakti & Co.
Chartered Accountants
FRN No 103523W

On behalf of the Board of Directors
JHS Svendgaard Laboratories Limited

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715
Place: New Delhi
Dated : May 29, 2010

Sd/-
Nikhil Nanda
Managing Director
DIN: 00051501

Sd/-
Guninder Bhalla
Director
DIN: 01987186

Sd/-
Anshu Kumar Chakravorty
Company Secretary

PROFIT AND LOSS ACCOUNT

For the year ended March 31, 2010

(Amount in ₹)

	Schedule No.	For the year ended 31.03.2010	For the year ended 31.03.2009
INCOME			
Sales	14	511,632,243	288,769,435
Less: Excise Duty		847,338	8,825,998
		510,784,905	279,943,437
Other Income	15	1,185,525	3,680,097
Total		511,970,430	283,623,534
EXPENDITURE			
Decrease in Finished Goods & WIP	16	8,455,934	1,274,597
Material Consumed & Manufacturing Expenses	17	304,365,330	129,093,858
Personnel Expenses	18	24,963,033	24,555,181
Administrative, Selling & Other Expenses	19	36,929,339	52,668,309
Finance Expenses	20	29,784,890	29,310,314
Depreciation	5	41,330,912	30,410,287
Total		445,829,438	267,312,545
Profit before taxation		66,140,992	16,310,989
Less: Provision for taxation			
Current Tax		10,981,660	1,600,000
Deferred Tax		(1,904,516)	(979,827)
Fringe Benefit Tax		–	445,000
Wealth Tax		40,000	44,000
Profit after Taxation		57,023,848	15,201,816
Less: Proposed Dividend		7,225,004	3,225,002
Less: Corporate Dividend Tax		1,199,983	548,089
Add: Balance as per previous year		111,155,528	99,726,803
Balance carried to Balance Sheet		159,754,389	111,155,528
Earnings per share			
Basic Earnings Per Share		4.16	1.14
Diluted Earnings Per Share		3.95	1.12
Face value ₹10/- each			
(Refer Note No 12 of Schedule 21B)			
Significant Accounting Policies and Notes forming integral part of the Accounts	21		

As per attached report of even date.

For Haribhakti & Co.
Chartered Accountants
FRN No 103523W

On behalf of the Board of Directors
JHS Svendgaard Laboratories Limited

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715
Place: New Delhi
Dated : May 29, 2010

Sd/-
Nikhil Nanda
Managing Director
DIN: 00051501

Sd/-
Guninder Bhalla
Director
DIN: 01987186

Sd/-
Anshu Kumar Chakravorty
Company Secretary



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
1 SHARE CAPITAL		
Authorised		
18,000,000 (18,000,000) Equity Shares of ₹10/- each	180,000,000	180,000,000
Issued and Subscribed		
14,450,007 (12,900,007) Equity Shares of ₹10/- each	144,500,070	12,900,070
Paid up		
14,450,007 (12,900,007) Equity Shares of ₹10/- each fully paid up. (See note No. 27 of Schedule 21B)	144,500,070	129,000,070
Total	144,500,070	129,000,070

2 RESERVE AND SURPLUS

General Reserve	3,672,950	667,750	
Add : Addition During the Year	-	3,672,950	3,672,950
Capital Reserve			
Forfeiture of Warrant	230,000		-
Securities Premium	352,604,768	352,604,768	-
Add : Addition During the Year	55,800,000	408,404,768	352,604,768
Profit and Loss Account	159,754,388	111,155,528	
	572,062,106	467,433,246	

3 SECURED LOANS

1) Term Loan From Bank				
a) Foreign Currency Loan				
1) ECB	54,890,240		252,712,000	
2) FCTL	179,115,520	234,005,760	77,444,000	330,156,000
2) Working Capital Loan From Bank				
a) Rupee Loan	155,913,296		138,307,250	
b) Bill Discount	4,490,961.00	160,404,257	-	138,307,250
3) Vehicle Loan from Bank		7,559,296		2,154,330
4) Interest accrued & due on secured loan		45,238		-
		402,014,551		470,617,580

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

4 UNSECURED LOANS

Short Term				
Loan From Directors		1,176,500		1,376,500
Loan From others		10,000,000		-
		11,176,500		1,376,500

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(Amount in ₹)

5 FIXED ASSETS										
Particulars	GROSS BLOCK			As at 31.03.2010	DEPRECIATION			NET BLOCK		
	As at 01.04.2009	Addition during the year	Deductions during the year		Up to 31.03.2009	For the year	Sale/ Adjustment	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land	9,105,752	-	-	9,105,752	-	-	-	-	9,105,752	9,105,752
Building	142,957,688	111,046	-	143,068,734	964,270	2,331,929	-	3,296,199	139,772,535	141,993,418
Plant & Machinery	338,807,192	33,994,053	-	372,801,245	42,788,060	25,776,544	-	68,564,604	304,236,641	296,019,132
Mould & Dies	16,250,181	154,681,254	-	170,931,435	10,156,559	9,612,522	-	19,769,081	151,162,354	6,093,622
Computers	1,961,726	347,830	-	2,309,556	669,789	339,032	-	1,008,821	1,300,735	1,291,937
Computer Software	4,983,533	195,589	-	5,179,122	685,989	1,024,851	-	1,710,840	3,468,282	4,297,544
Furniture & Fixture	13,001,674	126,323	-	13,127,997	1,828,564	825,040	-	2,653,604	10,474,393	11,173,110
Vehicle	10,998,365	8,453,893	-	19,452,258	2,372,493	1,420,994	-	3,793,487	15,658,771	8,625,872
Current Year	538,066,111	197,909,988	-	735,976,099	59,465,724	41,330,912	-	100,796,636	635,179,463	478,600,387
Previous Year	393,442,076	146,312,800	1,688,765	538,066,111	29,636,664	30,410,287	581,227	59,465,724	478,600,387	

	As at 31.03.2010	As at 31.03.2009
6 INVESTMENT		
Long Term & Unquoted		
Investment In Subsidiary		
29,996 (29,996) fully paid up Equity Shares of face value of ₹10/- of JHS Svendgaard Dental Care Limited.	299,960	299,960
1 (1) fully paid Equity Shares of AED 100,000 each of Jones H Smith, U.A.E.	1,088,330	1,378,720
NIL (50,000) fully paid Equity Shares of face value of ₹10/- each of JHS Svendgaard Hygiene Products Limited formerly known as Nikiven Personal Care Private Limited, India	-	500,000
	1,388,290	2,178,680
Less : Diminution in Value of Investment	299,960	-
	1,088,330	2,178,680
Others		
50,000 (NIL) fully paid Equity Shares of face value of ₹10/- each of JHS Svendgaard Hygiene Products Limited formerly known as Nikiven Personal Care Private Limited, India	500,000	-
	500,000	-
Total	1,588,330	2,178,680

7 INVENTORIES

- Raw Materials	108,132,229	100,054,325
- Consumable Stores	5,811	49,837
- Work in Progress	9,214,959	3,628,146
- Finished Goods *	54,174,934	63,317,314
	171,527,933	167,049,622
Less: Provision for slow moving / obsolete stock	6,346,873	5,220,386
Total	165,181,060	161,829,236

* Finished Goods include excise duty of ₹3,63,645/- (Previous year ₹2,49,648/-) payable on goods manufactured but not sold as at March 31, 2010. Refer Note No. 5(b) of Schedule 21 A



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
8 SUNDRY DEBTORS		
(Unsecured, Considered Good Unless Otherwise Stated)		
Debts outstanding for a period exceeding six months		
a) Considered good *	35,148,844	31,394,298
b) Considered Doubtful	3,814,560	369,358
Other debts	260,330,270	37,977,631
	299,293,674	69,741,287
Less: Provision for Doubtful Debts	3,814,560	369,358
Total	295,479,114	69,371,929

* Includes ₹3,53,339/- (P.Y. Nil) due from companies where directors are interested.

9 CASH AND BANK BALANCES

Cash on hand (As certified by the management)	613,384	2,689,271
Balances with scheduled banks :		
– In Current Accounts	385,941	10,442,475
– In Dividend Accounts	28,843	–
– In Fixed Deposit Account (pledged with Govt. Departments)	1,070,957	992,240
Total	2,099,125	14,123,986

10 OTHER CURRENT ASSETS

Deposits with Sales Tax Department	–	10,000
Export Incentive Receivable	3,277,999	3,566,076
Total	3,277,999	3,576,076

11 LOANS AND ADVANCES

(Unsecured & Good Unless Otherwise Stated)		
Considered Good		
Advances recoverable in cash or in kind or for value to be received	17,547,027	19,612,238
Advance Tax & Tax deducted at source [net of Provisions aggregating ₹ Nil (Previous Year ₹1,06,14,251)]	–	4,408,232
Advance to Supplier	16,928,630	1,291,093
Loans & Advance to subsidiary	3,364,772	45,786,108
Loans & Advance to Others	305,664	–
Input VAT Credit	707,702	–
Balance with Central Excise & Customs Department	11,226,287	16,358,920
Security Deposits	2,613,439	1,052,250
Considered Doubtful		
Advances recoverable in cash or in kind or for value to be received	824,250	–
Loans & Advance to Others	400,000	–
	53,917,771	88,508,841
Less : Provision for Doubtful Advances	1,224,250	–
Total	52,693,521	88,508,841

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
12 CURRENT LIABILITIES		
Sundry Creditors *		
Due to MSME	–	–
others	102,031,990	28,127,879
	102,031,990	28,127,879
Advance from Customers	26,160,511	1,197,202
Duties & Taxes payable **	3,046,026	1,264,255
Interest accrued but not Due	1,816,014	1,722,314
Book Overdraft	613,270	–
Investor Education & Protection fund shall be credited by following amounts (as & when Due)		
Unclaimed Dividend on Equity Shares	28,843	–
	133,696,654	32,311,650

* Refer Note No.16 of Schedule 21 B

** Includes provision for Corporate Dividend Tax ₹11,99,983/- (₹5,48,089/-)

13 PROVISIONS

Provision for Gratuity	1,191,509	925,078
Provision for Proposed Dividend	7,225,004	3,225,002
Provision for Tax [Net of advance tax & tax deducted at source aggregating to ₹65,37,120 (Previous Year ₹ Nil)]	9,722,127	–
	18,138,640	4,150,080

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

(Amount in ₹)

	Year ended 31.03.2010	Year ended 31.03.2009
14 SALES		
Domestic Sales	426,648,793	215,237,304
Exports Sales	82,653,386	68,760,101
Trading Sales	–	2,742,542
DTA Sales	118,308	–
Scrap sales	2,211,756	2,029,488
	511,632,243	288,769,435

15 OTHER INCOME

Interest		
1) On Deposit *	80,221	491,616
2) On Income Tax Refund	628,723	708,944
Dividend	–	766,026
Export Incentives	45,600	–
Miscellaneous Income	417,945	2,422,455
Excess Provision Written Back	13,036	–
	1,185,525	3,680,097

* TDS deducted at source ₹1,503/- (Previous year ₹17,558/-)



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

(Amount in ₹)

	Year ended 31.03.2010	Year ended 31.03.2009
16 (INCREASE) / DECREASE IN FINISHED GOODS & WIP		
Finished Goods		
Opening Stock	63,317,314	61,467,315
Less : Closing Stock	54,174,934	63,317,314
	9,142,380	(1,849,999)
Work in Progress		
Opening Stock	3,628,146	4,754,996
Less : Closing Stock	9,214,959	3,628,146
	(5,586,813)	1,126,850
Purchase of goods for resale	542,205	–
Purchase of semi finished goods	4,244,165	1,748,098
Increase/ (Decrease) In excise duty on Closing Stock	113,997	249,648
	8,455,934	1,274,597

17 MATERIAL CONSUMED AND MANUFACTURING EXPENSES

Raw Material Consumed				
Opening Stock	100,054,325		74,696,851	
Add : Purchases	273,826,314		124,982,392	
	373,880,639		199,679,243	
Less : Closing Stock	108,132,229	265,748,410	100,054,325	99,624,918
Store and Tools Consumed				
Opening Stock	49,837		31,950	
Add : Purchases	978,609		1,960,273	
	1,028,446		1,992,223	
Less : Closing Stock	5,811	1,022,635	49,837	1,942,386
Manufacturing Expenses				
Job Work Charges		2,673,425		574,015
Freight Inward		1,010,105		–
State Excise Duty		761,209		1,436,144
Power and Fuel		15,816,962		12,599,848
Testing Charges		174,262		132,763
Wages		17,158,322		12,783,784
		304,365,330		129,093,858

18 PERSONNEL EXPENSES

Salaries, Bonus & Allowances		20,812,172		20,516,944
Contribution to Provident Fund & ESIC		1,370,832		1,209,862
Directors' Remuneration		1,659,167		1,504,543
Workmen and Staff Welfare		693,624		743,487
Recruitment and Training		160,807		236,406
Gratuity		266,431		343,939
		24,963,033		24,555,181

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

(Amount in ₹)

	Year ended 31.03.2010	Year ended 31.03.2009
19 ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Rent	3,433,034	6,797,626
Advertisement Expenses	822,880	3,386,889
Business Promotion	408,814	302,669
Repairs & Maintenance		
- Plant and Machinery	6,845,643	5,068,904
- Building	1,543,989	1,764,824
- Others	922,312	486,890
Provision for Doubtful Debts	3,445,202	–
Provision for Diminution in Value of Investment	299,960	–
Provision for slow moving / Obsolete Stock	1,126,487	5,220,386
Provision for Doubtful Advances	1,224,250	–
Exchange Fluctuation (Net)	787,030	10,942,600
Freight & Cartage (Net)	1,492,500	5,091,427
Insurance	1,596,541	1,674,000
Legal & Professional Fees	2,382,717	2,587,571
Postage, Telephone, Printing Stationery	2,424,859	2,315,418
Travelling & Conveyance Expenses	3,161,705	3,084,126
Loss on Sale of fixed Assets	–	827,537
Directors' Sitting Fees	27,000	21,000
Auditor's remuneration	539,851	739,390
Miscellaneous Expenditure	4,444,565	2,357,052
Total	36,929,339	52,668,309

20 FINANCIAL EXPENSES

Bank Interest	26,728,526	24,995,728
Bank Charges	3,056,364	4,314,586
Total	29,784,890	29,310,314

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Significant Accounting Policies

1. Basis of Accounting

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. 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.

2. Use of Estimates

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

3. Fixed Assets

Fixed assets are stated at cost of acquisition. Cost includes all cost incurred to bring the assets to its present location & condition. Individual assets costing equal to or less than ₹5,000/- is written off fully in the year of purchase.

4. Depreciation

Depreciation on fixed assets is provided on Straight Line Method at the rate and in the manner prescribed in Schedule XIV to the

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

Companies Act, 1956 except that moulds and dies are amortized over the period of useful life of 5 Years as estimated by the management.

Intangibles computer software is amortised over a period of 5 years on S.L.M

5. Inventories

- Raw material, packing material, stores, and spares are valued at lower of cost and net realisable value. However, materials and other item held for use in the production of inventories are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. Finished goods and work in progress are valued at lower of cost and net realisable value.
- Cost is ascertained on weighted moving average method basis and in case of finished products and work in progress includes appropriate production overheads. Cost of finished goods includes excise duty. Excise duty payable on finished goods is accounted for upon manufacture and transfer of finished goods to the stores. Payment of excise duty is deferred till the clearance of goods from the factory premises.

6. Revenue recognition

- Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the customer.
- Interest income is recognised on accrual basis.
- Dividend is recognised when the right to receive of the same is established.

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

7. Borrowing Cost

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

8. Foreign currency transactions

- Initial Recognition**
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- Conversion**
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- Exchange Differences**
Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.
Exchange differences, in respect of accounting periods commencing on or after December 7, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortised over the balance period of such long-term asset/liability but not beyond accounting period ending on or before March 31, 2011
Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.
- Translation of Integral and Non-integral foreign operation**
The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.
In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

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

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

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

9. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments including investments in subsidiaries are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

10. Employee Benefits

- Short term employee benefits:**
All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. Benefits such as salaries, wages, short term compensated absence and bonus etc are recognised in the Profit and Loss Account in the period in which the employee renders the related service.
- Long term employee benefits:**
 - Defined contribution plans:**
The Contributions for Provident Funds & E.S.I.C. are deposited with the appropriate government authorities and are recognised in the Profit & Loss Account in the financial year to which they relate and there is no further obligation in this regard.
 - Defined Benefit Plans:**
The Company provides for retirement benefits in the form of Gratuity. The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which 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 obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under the defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of the related obligations. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

11. Accounting for taxes on income

Tax expenses comprises of Current Tax, Deferred Tax & Fringe Benefit Taxes. Current Income Tax and Fringe Benefit Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian 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 law enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realised in future where as in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realization backed by convincing evidence. Deferred tax assets are reviewed at each balance sheet date.

12. Provisions, Contingent Liabilities and Contingent Assets

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

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

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

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

13. 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 asset's 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 is provided on the revised carrying amount of the asset over its remaining useful life.

14. Earning per share

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti-dilutive.

15. Leases

Lease arrangements where the risk & rewards incidental to ownership of assets substantially vest with the Lessor, are recognised as Operating Leases. Lease rental under operating leases are recognised in the profit/ loss account as per terms & conditions of the Lease Agreements.

B. Notes to Accounts

1. Contingent Liabilities

- Contingent liabilities not provided in the books of accounts:

(Amount in ₹)

Particulars	As at 31.03.2010	As at 31.03.2009
Guarantees given by banks	50,00,000	50,00,000
Outstanding letter of credit	24,51,102	Nil

- Sales Tax demand amounting ₹6,55,188/- against which the Company has preferred an appeal before Commissioner and deposited the same under protest

- Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) ₹57,80,461/- (P.Y. ₹11,40,02,114/-).

- During the year the subsidiary company Jones H Smith, FZE, UAE has commenced the business.

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

(Amount in ₹)

Particulars	As at 31.03.2010	As at 31.03.2009
A. Funds raised through Initial Public Offerings	38,86,19,256	38,86,19,256
B. Utilization by way of expansion plan/New Project		
- Building and civil works	8,63,39,862	8,63,39,862
- Plant and Machinery	21,02,08,224	21,02,08,224
- Margin money for working capital	1,60,25,000	1,60,25,000
- Contingencies	-	-
- General Corporate Purposes	3,78,30,987	3,78,30,987
- IPO Expenses	3,79,21,369	3,79,21,369
Total Funds utilized	38,83,25,442	38,83,25,442
C. The unutilised funds as at March 31, 2010 have been temporarily invested in Bank Fixed Deposit and other short term investments as follows:-		
Fixed Deposit Receipts (Including Bank Balance)	2,93,814	2,93,814
Short Term Investments	-	-
Total Unutilised funds	2,93,814	2,93,814

- In the opinion of the Board, current assets, loans and advances have a value of at least equal to the amounts shown in the balance sheet, if realized in the ordinary course of the business.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

- Balances under Sundry debtors, creditors and advances thereof are subject to confirmation/reconciliation and consequential adjustment if any.

7. Employee Benefit Obligations

- Defined Contribution Plans:

- Provident Fund
- State Defined Contribution Plans (ESIC)

The Company has recognised the following amounts in the Profit and Loss Account for the year:

(Amount in ₹)

Particulars	2009-10	2008-09
Contribution to Provident Fund	11,14,266	9,58,008
Contribution to Employee's State Insurance Scheme	2,56,566	2,51,854

- Defined Employee Benefit Scheme:

Gratuity

In case of permanent employees, liability in respect of Gratuity is ascertained annually on actuarial valuation.

- Change in Benefit Obligation

(Amount in ₹)

Particulars	Gratuity	
	Year ended 31.03.2010	Year ended 31.03.2009
a) Present value of Obligation as at April 1, 2009	9,25,078	5,81,139
b) Interest Cost	70,306	46,491
c) Past Service Cost	-	-
d) Current Service Cost	3,28,381	3,83,004
d) Benefits Paid	Nil	Nil
e) Actuarial(Gains)/Loss	(1,32,256)	(85,556)
f) Present value of Obligation as at March 31, 2010	11,91,509	9,25,078

- Fair Value of Plan Assets During the period

(Amount in ₹)

Particulars	Gratuity	
	Year ended 31.03.2010	Year ended 31.03.2009
a) Present value of Plan assets as at April 1, 2009	Nil	Nil
b) Expected Return on Plan Assets	Nil	Nil
c) Actuarial(Gain)/Loss	Nil	Nil
d) Contributions	Nil	Nil
e) Benefits Paid	Nil	Nil
f) Fair Value of Assets as at March 31, 2010	Nil	Nil

- Expenses recognised in the Statement of Profit and Loss Account

(Amount in ₹)

Particulars	Gratuity	
	Year ended 31.03.2010	Year ended 31.03.2009
Current Service Cost	3,28,381	3,83,004
Past Service Cost	Nil	Nil
Interest Cost	70,306	46,491
Expected Return on Plan Assets	Nil	Nil
Curtailment Cost/(Credit)	Nil	Nil
Settlement Cost/(Credit)	Nil	Nil
Net Actuarial(Gain)/Loss	(1,32,256)	(85,556)
Total Expenses recognised in the Profit and Loss Account	2,66,431	3,43,939

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

IV. Amounts recognised in the Balance Sheet		
Particulars	Gratuity	
	Year ended 31.03.2010	Year ended 31.03.2009
a) Present Value of Obligation as at March 31, 2010	11,91,509	9,25,078
b) Fair value of Plan Assets as at March 31, 2010	Nil	Nil
c) Net Liability recognised in the Balance Sheet	11,91,509	9,25,078

V. Actuarial Assumptions

Particulars	Gratuity	
	Year ended 31.03.2010	Year ended 31.03.2009
i) Discount Rate (Per annum)	8.00%	7.60%
ii) Rate of increase in Compensation levels	7.00%	5.00%
iii) Rate of Return on Plan Assets	-	-
iv) Average Outstanding Service of Employees up to Retirement:	23.5 years	25 years
v) Estimated Term of Benefit Obligations	15 years	17 years

VI. Experience Adjustment on plan assets/liabilities - (Loss) / gain:

Particulars	Gratuity	
	Year ended 31.03.2010	Year ended 31.03.2009
Experience adjustments on plan liabilities-(Loss) / gain	(135,910)	315,680

8. Segment Reporting

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

Particulars	Exports		Domestic	
	2009-10	2008-09	2009-10	2008-09
Sales	8,26,53,386	6,87,60,101	42,89,78,857	22,00,09,334
Assets(Debtors)*	6,84,24,191	3,53,57,023	23,08,69,484	3,43,84,264

* Doesn't include provision for doubtful debts.

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

9. Related Party

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

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

I. Key management personnel

- Mr. Nikhil Nanda
- Mr. G.K. Nanda
- Mr. P.K. Manglik

II. Relatives of Key Management Personnel

- Mrs. Sushma Nanda

III. Subsidiary Companies

- Jones H. Smith, FZE.
- JHS Svendgaard Dental Care Limited

Note: JHS Svendgaard Hygiene Products Limited, being Subsidiary in the Financial Year 2008-09, had ceased to be the subsidiary in the financial year 2009-10

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

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

- Berco Engineering Private Limited
- Dr. Fresh, USA.
- Number One Real Estate Pvt. Ltd.
- JHS Svendgaard Hygiene Products Ltd.

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

Transactions	Key Management Personnel		Enterprises over which Key Management Personnel and their relatives exercise significant influence		Subsidiary companies	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Finished goods sold to						
- Dr Fresh Inc	-	-	44,35,550	2,18,15,458	-	-
- JHS Svendgaard Hygiene Products Ltd.	-	-	2,37,986	-	-	-
JHS Svendgaard Dental Care Limited	-	-	-	-	80,353	-
Rent Paid to						
- Berco Engineering Pvt. Ltd.	-	-	16,54,500	16,82,825	-	-
- Nikhil Nanda	13,23,100	44,92,340	-	-	-	-
Electricity expenses paid to						
- Nikhil Nanda	16,40,777	40,67,425	-	-	-	-
Director Remuneration						
- Nikhil Nanda	12,94,167	12,09,543	-	-	-	-
- P.K.Manglik	2,45,000	1,75,000	-	-	-	-
- G.k.Nanda	1,20,000	1,20,000	-	-	-	-
Loan from Director						
- Nikhil Nanda (accepted)	10,00,000	13,76,500	-	-	-	-
- Nikhil Nanda (repaid)	12,00,000	-	-	-	-	-
Loan / Advance						
JHS Svendgaard Hygiene Products Ltd.						
(Advance given)	-	-	11,00,664	-	-	4,92,69,492
JHS Svendgaard Hygiene Products Ltd.						
(Repayment Received)	-	-	4,46,44,492	-	-	50,00,000
Number. One Real Estate Pvt. Ltd						
(Advance given)	-	-	2,16,60,000	1,90,10,000	-	-
Number. One Real Estate Pvt. Ltd						
(Repayment Received)	-	-	1,20,00,000	1,90,10,000	-	-
Jones H.Smith FZE. (Advance given)	-	-	-	-	10,38,156	4,67,566
JHS Svendgaard Dental Care Limited						
(Advance given)	-	-	-	-	8,25,000	15,93,050
JHS Svendgaard Dental Care Limited						
(Repayment Received)	-	-	-	-	-	5,44,000

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

Balance outstanding		(Amount in ₹)	
		2009-10	2008-09
Payables			
Loans & Advances			
- Nikhil Nanda		11,76,500	13,76,500
Others			
- Nikhil Nanda		8,47,979	15,63,577
- P. K. Manglik		52,863	-
G. K. Nanda		1,60,000	-
- Sitting Fees		1,43,500	1,16,500
- Berco Engineering Pvt Ltd.		2,48,174	2,25,524
Receivables			
Loans & Advances			
Jones H. Smith FZE.		15,05,722	4,67,566
JHS Svendgaard Dental Care Limited		18,59,050	10,49,050
- No One Real Estate Pvt. Ltd.		96,60,000	-
JHS Svendgaard Hygiene Products Limited		725,664	-
Others			
- Dr Fresh Inc.		41,29,179	52,05,397
JHS Svendgaard Dental Care Limited		95,353	-
JHS Svendgaard Hygiene Products Limited		237,986	4,42,69,492

10. Disclosure in respect of Loans & Advances pursuant to clause 32 of listing Agreement

Details of Loans & Advances/Investments to Subsidiary Company		(Amount in ₹)					
Particulars	Jones H.Smith FZE.		JHS Svendgaard Hygiene Products Limited *		JHS Svendgaard Dental Care Limited		
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	
Loan Amount Outstanding	15,05,722	4,67,566	-	4,42,69,492	18,59,050	10,49,050	
(Maximum Outstanding during the year)	15,05,722	4,67,566	-	4,42,69,492	18,59,050	10,49,050	
Investments	10,88,330	13,78,720	5,00,000	5,00,000	2,99,960	2,99,960	

* Ceased to be a subsidiary.

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

Rental Expenses for operating lease for the years ended March 31, 2010 & March 31, 2009 was ₹ 34,33,034/- & ₹67,97,626/- respectively. The Company has not executed any non cancelable operating leases.

12. The calculation of Earning 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:

Particulars		Units	2009-10	2008-09
Profit after Tax	A	₹	5,70,23,848	1,52,01,816
Weighted average no. of equity shares	B	Nos.	1,36,98,363	1,29,00,007
Add: Dilutive potential equity shares		Nos.	7,51,644	1,60,000
Number of equity shares for Dilutive EPS	C	Nos.	1,44,50,007	1,30,60,007
Nominal value per share		₹	10	10
Basic Earning Per Share (A/B)		₹	4.16	1.14
Diluted Earning Per Share (A/C)		₹	3.95	1.12

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

13. In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net increase in deferred tax asset of ₹19,04,516 for the current year has been recognised in the profit & loss account. The tax effect of significant timing differences as at March 31, 2010 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2010.

		(Amount in ₹)	
Particulars		As at 31.03.2010	As at 31.03.2009
Deferred Tax Liabilities			
On account of Depreciation		-	23,93,651
Total Deferred Liabilities		-	23,93,651
Deferred Tax Assets			
On account of Depreciation		5,52,486	-
Provision for Gratuity		4,04,994	3,14,433
Provision for Preliminary Expenses		-	42,976
Bonus		1,46,549	1,94,115
Provision for obsolete stock		7,32,769	17,74,409
Provision for doubtful debts		1,25,545	1,25,545
Total Deferred Assets		19,62,343	24,51,478
Net Deferred Tax Assets/ (Liabilities)		19,62,343	57,827

14. Remuneration

a) Details of remuneration to Managing Director is as under:

		(Amount in ₹)	
Particulars		2009-10	2008-09
Salary		12,00,000	12,00,000
Monetary Perquisites		94,167	9,543
Total (₹)		12,94,167	12,09,543

b) Remuneration to Whole Time Directors is as under

		(Amount in ₹)	
Particulars		2009-10	2008-09
Salary		3,65,000	2,95,000
Monetary Perquisites		Nil	Nil
Total (₹)		3,65,000	2,95,000

c) Sitting fee paid to Director ₹27,000 (P.Y. ₹21,000)

The contribution to Gratuity has made on a group basis and separate figures applicable to an individual employee are not available therefore, contribution to gratuity fund has not been considered in the above computation

15. Auditors remuneration includes (Including service tax, where applicable)

		(Amount in ₹)	
Particulars		2009-10	2008-09
Statutory Audit fees		3,03,325	4,68,775
Tax Audit fees		66,180	82,725
Limited Review		1,11,983	1,68,540
Certification fees		38,936	8,824
Out of Pocket Expenses		19,427	10,526
Total		5,39,851	7,39,390

16. Sundry Creditors in Schedule No. 12, Accounts include

Sundry Creditors in Schedule No. 12; Accounts include

a) ₹ Nil/- due to creditors registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME); and

b) ₹ Nil/- is payable for interest during the year to Micro, Small and Medium Enterprises.

c) The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

17. Earnings in foreign exchange (Amount in ₹)			
Particulars	2009-10	2008-09	
FOB value of exports	8,26,53,386	6,87,60,101	
Freight	14,40,692	30,24,789	
Total	8,40,94,078	7,17,84,890	

18. Expenditure in foreign currency on travelling ₹7, 31,664/- (9,07,934/-)

19. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as follows:

Particulars	As at 31.03.2010 (₹)	As at 31.03.2009 (₹)	As at 31.03.2010 (\$)	As at 31.03.2009 (\$)
Receivable in Foreign Currency				
Sundry Debtors	6,84,24,191	3,53,57,023	15,15,822	6,93,955
Payable in Foreign Currency				
Sundry Creditors	16,35,245	9,52,000	36,226	18,685
Foreign Currency Loan	25,20,38,721	36,07,70,671	55,83,490	70,80,877

20. CIF Values of Imports (Amount in ₹)			
Particulars	2009-10	2008-09	
Raw material	1,65,61,981	4,95,13,574	
Capital goods	3,31,16,270	12,32,46,126	

21. Quantitative Information

Particulars	Unit	2009-10	2008-09
Licensed capacity			
(Oral Care Products)	Pcs.	Not Applicable	Not Applicable
Installed capacity *			
(Oral Care Products)	Pcs.	246240000	246240000
Actual Production			
(Oral Care Products)	Pcs.	146206083	107535628

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

22. Quantitative details of Finished goods

Oral Care Products	2009-10		2008-09	
	Quantity	Amount (₹)	Quantity	Amount (₹)
Opening Stocks	2,02,53,621	6,33,17,314	14,190,320	6,14,67,315
Purchase	60,160	5,42,205	–	–
Manufactured	12,87,98,551	–	10,75,35,628	–
Sales	13,77,04,339	51,16,32,243	10,14,72,327	28,87,69,435
Closing Stocks	1,14,07,993	5,41,74,934*	2,02,53,621	6,33,17,314*

*Includes excise duty of ₹3,63,645/- (PY ₹249,648/-) on Finished Goods.

23. Raw Material and Packing Material consumed

a) Consumption details of Imported & Indigenous raw material & packing material

Particulars	Quantity (in Kgs)		Amount (in ₹)	
	2009-10	2008-09	2009-10	2008-09
Nylon Bristles	1,36,515	32,247	4,36,09,013	1,14,46,700
Anchor Wire	58,432	12,986	1,89,09,569	50,12,999
Plastic Granules	24,55,671	8,06,642	17,19,04,296	6,13,04,878
Glycerin	2,694	7,302	1,17,813	3,29,000
Citric Acid	3,994	11	2,07,192	582
Sorbitol	38,319	61,767	15,60,466	19,90,182
Packing Material/Others	–	–	2,94,40,061	1,95,40,578
Total	26,95,625	9,20,955	26,57,48,410	9,96,24,918

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

21 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

b) Consumption details of Imported & Indigenous raw material & packing material

Particulars	2009-10		2008-09	
	Amount (₹)	% of Total	Amount (₹)	% of Total
Raw Material				
Imported	64,92,545	2.44	1,22,15,012	12.26
Indigenous	22,98,15,804	86.48	6,78,69,328	68.12
Packing Material/Others				
Imported	–	–	–	–
Indigenous	2,94,40,061	11.08	1,95,40,578	19.61
Total	26,57,48,410	100.00	9,96,24,918	100.00

24. The Company had exercised an option relating to "The effects of changes in foreign exchange rates" (Notification No. G.S.R 225 (E)) during the previous financial year.

25. During the year the Company has proposed issue of 11,00,000 warrants on preferential basis for which in principle approval from the Stock Exchange is pending.

26. During the year the Company has converted 15,50,000 convertible warrants issued at a price of 46/- per warrant into Equity Shares of face value 10/- per share at a premium of 36/- per share on September 25, 2009.

27. Remittance in foreign Currencies for dividends

The Company has remitted ₹38,820 for Non Resident share holder and ₹45,990 for FII (Previous year ₹ Nil) in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittance. If any, in foreign currencies account of dividends have been made by/on behalf of non-resident shareholders and FII. The particulars of dividends declared and paid to non-resident shareholders and FII for the year 2009- 10 & 2008-09, as under.

	No. of Shareholders	No. of Equity Share held	Gross Amount of Dividend (₹)	
			31.03.2010	31.03.2009
Non-Resident Share holder				
Final dividend for 2008-2009 declared in Sep.2009	77	155,280	38,820	Nil
FII				
Final dividend for 2008-2009 declared in Sep.2009	1	183,961	45,990	Nil

28. Previous year figures have been regrouped and rearranged wherever necessary.

29. Schedule 1 to 21 forms integral part of the financial statements and have been authenticated as such.

As per attached report of even date.

For Haribhakti & Co.
Chartered Accountants
FRN No 103523W

On behalf of the Board of Directors
JHS Svendgaard Laboratories Limited

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715
Place: New Delhi
Dated : May 29, 2010

Sd/-
Nikhil Nanda
Managing Director
DIN: 00051501

Sd/-
Guninder Bhalla
Director
DIN: 01987186

Sd/-
Anshu Kumar Chakravorty
Company Secretary



SECTION 212

Statement Pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary	Jones H Smith, FZE	JHS Svendgaard Dental Care Limited
1 Financial year ended	March 31, 2010	March 31, 2010
2 Holding Company's interest	100% in Equity Share Capital	59.992% in Equity Share Capital
3 Shares held by the Holding Company in the Subsidiary	1 share of AED 100,000/- each	29,996 shares of ₹10/- each
4 The net aggregate of profits or losses for the above financial Year of the Subsidiary so far as it concerns the members of the Holding Company		
a. dealt with or provided for in the accounts of the Holding Company	Nil	Nil
b. not dealt with or provided for in the accounts of the Holding Company	Profit: AED 1973840	Loss: ₹21,23,134/-
5 The net aggregate of profits or losses for the previous financial years of the Subsidiary so far as it concerns the members of the Holding Company		
a. dealt with or provided for in the accounts of the Holding Company	Nil	Nil
b. not dealt with or provided for in the accounts of the Holding Company	Loss: AED 14700	Loss: ₹8,65,629/-

On behalf of the Board of Directors
JHS Svendgaard Laboratories Limited

Place: New Delhi
Dated : May 29, 2010

Sd/- Nikhil Nanda Managing Director DIN: 00051501	Sd/- Guninder Bhalla Director DIN: 01987186	Sd/- Anshu Kumar Chakravorty Company Secretary
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CONSOLIDATED AUDITORS' REPORT

To,
Board of Directors of
JHS Svendgaard Laboratories Limited on the Consolidated Financial Statements

- We have audited the attached Consolidated Balance Sheet of JHS Svendgaard Laboratories Limited ("the Company") and its Subsidiaries (collectively referred to as "the group") as at March 31, 2010 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- We did not audit the financial statements of certain subsidiaries whose financial statements reflect total net assets of ₹1,451.40 Lacs as at March 31, 2010, total net revenues of ₹1,737.98 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
- We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements", as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of JHS Svendgaard Laboratories Limited and its subsidiaries.
- Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
 - in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For Haribhakti & Co.
Chartered Accountants
FRN No.103523W

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715
Place: New Delhi
Dated: May 29, 2010



CONSOLIDATED BALANCE SHEET As at March 31, 2010

(Amount in ₹)

	Schedule No.	As at 31.03.2010	As at 31.03.2009
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	144,500,070	129,000,070
b) Share Warrant		–	7,360,000
c) Reserves and Surplus	2	594,865,395	466,295,230
		739,365,465	602,655,300
2. Loan Funds			
a) Secured Loans	3	402,014,550	485,783,030
b) Unsecured Loans	4	12,149,030	3,295,296
		414,163,580	489,078,326
3. Minority Interest		(303,062)	261,623
Total		1,153,225,983	1,091,995,249
II. APPLICATION OF FUNDS			
1. Fixed Assets	5		
a) Gross Block		738,048,175	599,500,120
b) Less : Depreciation		100,961,516	59,504,043
Net Block		637,086,659	539,996,077
c) Capital Work in Progress including Capital Advances		124,127,566	294,002,164
		761,214,225	833,998,241
2. Investments	6	500,000	–
3. Deferred Tax Assets (Net)		2,746,086	884,740
4. Goodwill on Consideration		–	49,910
5. Current Assets, Loans & Advances			
a) Inventories	7	165,833,874	161,829,236
b) Sundry Debtors	8	433,433,671	69,464,595
c) Cash & Bank Balances	9	5,362,246	25,243,205
d) Other Current Assets	10	3,636,764	3,576,076
e) Loans & Advances	11	49,783,585	56,961,763
		658,050,140	317,074,875
Less : Current Liabilities & Provisions			
a) Current Liabilities	12	250,723,628	45,176,337
b) Provisions	13	18,560,839	14,876,108
		269,284,467	60,052,445
Net Current Assets		388,765,673	257,022,430
6. Miscellaneous Expenditure	14	–	39,928
Total		1,153,225,983	1,091,995,249
Significant Accounting Policies and Notes forming integral part of the Accounts	22		

As per attached report of even date.

For Haribhakti & Co.
Chartered Accountants
FRN No 103523W

On behalf of the Board of Directors
JHS Svendgaard Laboratories Limited

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715
Place: New Delhi
Dated : May 29, 2010

Sd/-
Nikhil Nanda
Managing Director
DIN: 00051501

Sd/-
Guninder Bhalla
Director
DIN: 01987186

Sd/-
Anshu Kumar Chakravorty
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended March 31, 2010

(Amount in ₹)

	Schedule No.	For the year ended 31.03.2010	For the year ended 31.03.2009
INCOME			
Sales	15	685,430,630	289,070,361
Less: Excise Duty		847,338	8,825,998
		684,583,292	280,244,363
Other Income	16	1,185,525	3,761,028
Total		685,768,817	284,005,391
EXPENDITURE			
Decrease in Finished Goods & WIP	17	140,400,206	4,620,837
Material Consumed & Manufacturing Expenses	18	304,818,854	131,760,237
Personnel Expenses	19	28,040,836	24,555,181
Administrative, Selling & Other Expenses	20	52,088,976	49,315,465
Finance Expenses	21	29,964,363	29,518,860
Depreciation	5	41,457,473	30,448,606
Total		596,770,708	270,219,186
Profit before taxation		88,998,109	13,786,204
Less: Provision for taxation			
Current Tax		10,981,660	1,600,000
Corporate Dividend Tax		–	–
Deferred Tax		(2,269,611)	(1,748,285)
Fringe Benefit Tax		–	446,371
Wealth Tax		40,000	44,000
Profit after Taxation before Minority Interest		80,246,060	13,444,118
Less: Minority Interest		(503,102)	(938,415)
Profit after Tax & Minority Interest		80,749,162	14,382,533
Less: Proposed Dividend		7,225,004	3,225,002
Less: Corporate Dividend Tax		1,199,983	548,089
		72,324,175	10,609,442
Add: Balance as per previous year		110,017,512	99,358,160
Add: Adjustment for erstwhile subsidiary Co.		265,900	–
Less: Adjustment for erstwhile subsidiary Co.		49,910	–
		110,233,502	99,358,160
Balance carried to Balance Sheet		182,557,677	110,017,512
Earnings per share			
Basic Earnings Per Share		5.89	1.07
Diluted Earnings Per Share		5.59	1.06
Face value ₹10/- each (Refer Note No 8 of Notes to Accounts)			
Significant Accounting Policies and Notes forming integral part of the Accounts	22		

As per attached report of even date.

For Haribhakti & Co.
Chartered Accountants
FRN No 103523W

On behalf of the Board of Directors
JHS Svendgaard Laboratories Limited

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715
Place: New Delhi
Dated : May 29, 2010

Sd/-
Nikhil Nanda
Managing Director
DIN: 00051501

Sd/-
Guninder Bhalla
Director
DIN: 01987186

Sd/-
Anshu Kumar Chakravorty
Company Secretary



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
1 SHARE CAPITAL		
Authorised		
18,000,000 (1,80,00,000) Equity Shares of ₹10/- each	180,000,000	180,000,000
Issued and Subscribed		
14,450,007 (12,900,007) Equity Shares of ₹10/- each	144,500,070	129,000,070
Paid up :		
14,450,007 (12,900,007) Equity Shares of ₹10/- each fully paid up.	144,500,070	129,000,070
Total	144,500,070	129,000,070

(See note no. 15 of Schedule 22B)

2 RESERVE AND SURPLUS

General Reserve :	3,672,950	667,750
Add : Addition During the Year	—	3,005,200
	3,672,950	3,672,950
Capital Reserve		
Forfeiture of Share Warrant	230,000	—
Securities Premium	352,604,768	352,604,768
Add : Addition During the Year	55,800,000	—
	408,404,768	352,604,768
Profit and Loss Account	182,557,677	110,017,512
	594,865,395	466,295,230

3 SECURED LOANS

1) Term Loan From Bank		
a) Foreign Currency Loan		
1) ECB	54,890,240	252,712,000
2) FCTL	179,115,520	77,444,000
	234,005,760	330,156,000
b) Rupee Loan	—	15,165,450
2) Working Capital Loan From Bank		
a) Rupee Loan	155,913,296	138,307,250
b) Bill discounting	4,490,961	—
	160,404,257	138,307,250
3) Vehicle Loan from Bank	7,559,296	2,154,330
4) Interest accrued & due on secured loan	45,238	—
	402,014,551	485,783,030

- Term Loan in the form of ECB & FCTL is secured against exclusive charge on all movable fixed assets being financed by the facility and first charge on all the immovable fixed assets of the Company being finance by the facility. Equitable mortgage of land owned by the Company at Kala-Amb and personal guarantee of one of the Directors Second charge on current assets
- Working Capital Loans in the form of Cash Credit, Packing Credit, Bill Discounting is Secured by hypothecation of the Company's entire stock, book debts, export bill, both present & future, second charge on movable and immovable fixed assets and pledge of 30% shares of the Company
- Vehicle Loan are Secured against Hypothecation of specific vehicle against which the finance is obtained.

4 UNSECURED LOANS

Short Term		
Loan From Directors	2,149,030	2,598,564
Loan From others	10,000,000	696,732
	12,149,030	3,295,296

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Addition during the year	Deductions during the year	As at 31.03.2010	Up to 31.03.2009	For the year	Sale/ Adjustment	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land	9,105,752	—	—	9,105,752	—	—	—	—	9,105,752	23,467,254
Building	142,957,688	111,046	—	143,068,734	964,270	2,331,928	—	3,296,198	139,772,536	187,658,355
Plant & Machinery	339,763,192	34,547,112	—	374,310,304	42,816,573	25,862,616	—	68,679,189	305,631,115	296,957,272
Mould & Dies*	16,250,181	154,681,254	—	170,931,435	10,156,559	9,612,522	—	19,769,081	151,162,353	6,093,621
Computers	2,036,686	385,582	—	2,422,268	675,751	353,379	—	1,029,130	1,393,138	1,360,937
Computer Software	4,994,221	195,589	—	5,189,810	686,024	1,025,645	—	1,711,669	3,478,142	4,297,544
Furniture & Fixture	13,367,595	200,019	—	13,567,614	1,832,373	850,389	—	2,682,762	10,884,852	11,535,221
Vehicle	10,998,365	8,453,893	—	19,452,258	2,372,493	1,420,994	—	3,793,487	15,658,771	8,625,872
Current Year*	539,473,680	198,574,495	—	738,048,175	59,504,043	41,457,473	—	100,961,516	637,086,659	539,996,076
Previous Year	407,046,574	194,154,309	1,700,765	599,500,120	29,646,657	30,448,606	591,219	59,504,043	539,996,077	377,397,913

*Current Year Opening figures are adjusted for ₹60,026,440/- for the erstwhile subsidiary co.

	As at 31.03.2010	As at 31.03.2009
6 INVESTMENT		
Long Term & Unquoted		
Others		
50,000 (Nil) fully paid Equity Shares of face value of ₹10/- each of JHS Svendgaard Hygiene Products Limited formerly known as Nikiven Personal Care Private Limited, India	500,000	—
Total	500,000	—

7 INVENTORIES

- Raw Materials	108,132,229	100,054,325
- Consumable Stores	5,811	49,837
- Work in Progress	9,214,959	3,628,146
- Finished Goods*	54,827,748	63,317,314
Total	172,180,747	167,049,622
Less: Provision for slow moving / obsolete stock	6,346,873	5,220,386
Total	165,833,874	161,829,236

* Finished Goods include excise duty of ₹3,63,645/- (Previous years ₹2,49,648/-) payable on goods manufactured but not sold as at March 31, 2010. Refer note No.2(b)(viii)(d) of Schedule22A

8 SUNDRY DEBTORS

(Unsecured, Considered Good Unless Otherwise Stated)		
Debts outstanding for a period exceeding six months		
a) Considered good *	36,165,620	31,486,964
b) Considered Doubtful	3,814,560	369,358
Other debts	397,268,051	37,977,631
	437,248,231	69,833,953
Less: Provision for Doubtful Debts	3,814,560	369,358
Total	433,433,671	69,464,595

* Includes ₹3,53,339/- (Previous years ₹ Nil) due from companies where directors are interested.



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
9 CASH AND BANK BALANCES		
Cash in hand (As certified by the management)	2,700,946	4,034,165
Balances with scheduled banks :		
– In Current Accounts	1,561,500	20,160,433
– In Dividend Accounts	28,843	–
– In Fixed Deposit Account (Pledged with Govt. Departments)	1,070,957	1,048,607
Total	5,362,246	25,243,205

10 OTHER CURRENT ASSETS

Deposits with Sales Tax Department	–	10,000
Export Incentive Receivable	3,636,764	3,566,076
Total	3,636,764	3,576,076

11 LOANS AND ADVANCES

(Unsecured & Good Unless Otherwise Stated)		
Advances recoverable in cash or in kind or for value to be received	17,569,260	23,181,585
Advance Tax & Tax deducted at source	32,903	15,036,553
Advance to Supplier	16,928,630	1,291,093
Loans & Advance to others	705,364	–
Balance with Central Excise & Customs Department	11,226,287	16,358,920
Input VAT Credit	707,702	–
Security Deposits	2,613,439	1,093,612
Considered Doubtful		
Advances recoverable in cash or in kind or for value to be received	824,250	–
	50,607,835	56,961,763
Less : Provision for Doubtful Advances	824,250	–
Total	49,783,585	56,961,763

12 CURRENT LIABILITIES

Sundry Creditors *		
Due to MSME	–	–
Others	210,164,262	31,973,535
	210,164,262	31,973,535
Advance From Customer	26,160,511	1,197,203
Duties & Taxes payable **	3,232,700	1,264,255
Interest accrued but not Due	1,816,014	1,722,314
Book Overdraft	613,270	–
Expenses Payable	8,127,147	7,696,625
Other liabilities	580,881	1,322,405
Investor Education & Protection fund shall be credited by following amounts (As & When Due)		
Unclaimed Dividend on Equity Shares	28,843	–
	250,723,628	45,176,337

* Refer Note No.15 of Schedule 22 B

** Includes provision for Corporate Dividend Tax ₹11,99,983/- (₹5,48,089/-)

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
13 PROVISIONS		
Provision for Gratuity	1,191,508	925,078
Provision for Proposed Dividend	7,225,004	3,225,002
Provision for Tax *	9,722,128	10,615,622
Provision for Expenses	422,199	110,406
	18,560,839	14,876,108

*This figure is net of advance tax & Tax Deducted at Source for ₹65,37,120

14 MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)		
Preoperative, Project & Incidental Expenditure	–	10,210
Less: Written off During the year	–	2,042
	–	8,168
Preliminary Expenses	–	39,700
Less: Written off During the year	–	7,940
	–	31,760
Total	–	39,928

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Amount in ₹)

	Year ended 31.03.2010	Year ended 31.03.2009
15 SALES		
Domestic Sales	597,549,627	215,538,230
Exports Sales	85,550,939	68,760,101
Trading Sales	–	2,742,542
DTA Sales	118,308	–
Scrap sales	2,211,756	2,029,488
	685,430,630	289,070,361

16 OTHER INCOME

Interest		
1) On Deposit *	80,221	491,616
2) On Income tax refund	628,723	–
	708,944	491,616
Dividend	–	766,026
Export Incentives	45,600	–
Miscellaneous income	417,945	2,503,386
Excess Provision Written Back	13,036	–
	1,185,525	3,761,028

* TDS deducted at source ₹1,503.36 (Previous year ₹17,558/-)

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	(Amount in ₹)	
	Year ended 31.03.2010	Year ended 31.03.2009
17 (INCREASE) / DECREASE IN FINISHED GOODS & WIP		
Finished Goods		
Opening Stock	63,067,666	61,467,315
Less : Closing Stock	54,827,748	63,317,314
	8,239,918	(1,849,999)
Less: Provision for Slow/Non Moving Stock	—	3,346,240
	8,239,918	1,496,241
Work in Progress		
Opening Stock	3,628,146	4,754,996
Less : Closing Stock	9,214,959	3,628,147
	(5,586,813)	1,126,849
Purchase of goods for resale	133,139,291	—
Purchase of semi finished goods	4,244,165	1,748,099
Increase/(Decrease) in Excise Duty	363,645	249,648
Total	140,400,206	4,620,837

18 MATERIAL CONSUMED AND MANUFACTURING EXPENSES

Raw Material Consumed		
Opening Stock	100,054,325	74,696,851
Add : Purchases	273,826,314	124,982,391
Less : Closing Stock	108,132,229	100,054,325
	265,748,410	99,624,917
Add: Provision for Slow/Non Moving Stock	—	1,874,146
	265,748,410	101,499,063
Store and Tools Consumed		
Opening Stock	49,837	31,950
Add : Purchases	1,432,133	1,960,273
Less : Closing Stock	5,811	49,837
	1,476,159	1,942,386
Manufacturing Expenses		
Job Work Charges	3,683,530	574,015
State Excise Duty	761,209	1,436,144
Power and Fuel	15,816,962	12,799,975
Testing Charges	174,262	132,763
Material Return off	—	592,107
Wages	17,158,322	12,783,784
	304,818,854	131,760,237

19 PERSONNEL EXPENSES

Salaries, Bonus, & Allowances	23,886,005	20,516,944
Contribution to Provident Fund & ESIC	1,370,832	1,209,862
Directors' Remuneration	1,659,167	1,504,543
Workmen and Staff Welfare	697,594	743,487
Recruitment and Training	160,807	236,406
Gratuity	266,431	343,939
Total	28,040,836	24,555,181

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	(Amount in ₹)	
	Year ended 31.03.2010	Year ended 31.03.2009
20 ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Rent	4,993,288	7,210,918
Advertisement Expenses	822,880	3,386,889
Business Promotion	1,318,246	302,669
Repairs & Maintenance		
- Plant and Machinery	6,882,737	5,068,904
- Building	1,543,989	1,764,824
- Others	922,312	497,090
Provision for Doubtful Debts	3,445,202	—
Provision for slow moving / obsolete stock	1,126,487	—
Provision for Doubtful Advances	824,250	—
Exchange Fluctuation (Net)	831,519	10,942,600
Freight & Cartage (Net)	5,887,919	5,091,427
Insurance	1,596,541	1,674,000
Legal & Professional Fees	4,425,602	3,187,378
Postage, Telephone, Printing Stationery	3,703,135	2,385,550
Travelling & Conveyance Expenses	5,711,027	3,089,349
Loss on sale of fixed Assets	—	827,537
Directors' Sitting Fees	27,000	21,000
Electricity Expenses	995,466	7,453
Stock Written Off	—	478,262
Balance Written Off	—	16,514
Staff Expenses	—	255,455
Auditor's remuneration	578,351	739,390
Miscellaneous. Expenditure	6,453,025	2,368,256
Total	52,088,976	49,315,465

21 FINANCIAL EXPENSES

Bank Interest	26,842,214	25,026,978
Bank Charges	3,122,149	4,491,882
Total	29,964,363	29,518,860

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Significant Accounting Policies

1. 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 by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. 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.

2. Principles of Consolidation

a) The subsidiaries considered in the Consolidated Financial Statements are as under:

Name of the Subsidiaries	Country of Incorporation	Ownership Interest	Financial Year ends on
Jones H. Smith, FZE	UAE	100%	March 31, 2010
JHS Svendgaard Dental Care Limited	India	59.992. %	March 31, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

- 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 Accounting Standards 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 unrealised 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 companies 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 recognised in the financial statements as goodwill or capital reserve, as the case may be. This is based upon determination of pre-acquisition profit/loss and of the net worth on the date of acquisition determine by the management on the basis of certain estimates which have been relied upon by the auditors.
 - Minority interest in the consolidated financial statement is identified and recognized after taking into consideration, the minority share of movement in equity since the date parent- subsidiary relationship came into existence. The profit/loss attributable to the minorities are adjusted against the income of the group in order to arrive at the net income attributable to the Company.
 - The financial statement of the subsidiary for the year ended March 31, 2010 have been prepared and audited as per the generally accepted accounting principles (GAAP) of the countries in which they are operating. These financial statements have been converted by the management as per requirement of Indian GAAP
 - Other significant accounting policies as set out are as under:
 - Use of Estimates**
The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognised in the period in which the results are crystallised.
 - Fixed assets**
Fixed assets are stated at cost of acquisition. Cost includes all cost incurred to bring the assets to its present location & condition.

Individual assets costing equal to or less than ₹5,000/- is written off fully in the year of purchase.
 - Depreciation**
Depreciation on fixed assets is provided on Straight Line Method (SLM) at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except that moulds and dies are amortised over the period of useful life of 5 Years as estimated by the management.

Intangibles computer software is amortised over a period of 5 years on S.L.M
 - Inventories**
 - Raw material, packing material, stores, and spares are valued at lower of cost and net realisable value. However, materials and other item held for use in the production of inventories are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. Finished goods and work in progress are valued at lower of cost and net realisable value.
 - Cost is ascertained on weighted moving average method basis and in case of finished products and work in progress includes appropriate production overheads. Cost of finished goods includes excise duty. 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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

- Revenue recognition**
 - Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the customer.
 - Interest income is recognised on accrual basis.
 - Dividend is recognised when the right to receive of the same is established.
 - Export incentives principally comprise of Duty Entitlement PassBook Scheme (DEPB). The benefit under these incentive schemes are available based on the guideline formulated for respective schemes by the government authorities. DEPB is recognised as revenue on accrual basis to the extent it is probable that realisation is certain.
- Borrowing Cost**
Borrowing cost that is directly attributable to the acquisition or construction of qualifying assets is capitalised as part of the cost of assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense.
- Foreign currency transactions**
 - Initial Recognition**
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
 - Conversion**
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
 - Exchange Differences**
Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

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

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.
 - Translation of Integral and Non-integral foreign operation**
The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

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

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

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

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments including investments in subsidiaries are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

i) Employee Benefits

a) Short term employee benefits:

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

b) Long term employee benefits:

1. Defined contribution plans:

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

II. Defined Benefit Plans:

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

j) Accounting for taxes on income

Tax expenses comprises of Current Tax, 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 law enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realised in future where as in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realization backed by convincing evidence. Deferred tax assets are reviewed at each balance sheet date.

k) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

l) Impairment of Assets

1. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

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 asset's 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.

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

m) Earning per share

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti-dilutive.

n) Leases

Lease arrangements where the risk & rewards incidental to ownership of assets substantially vest with the Lessor, are recognised as Operating Leases. Lease rental under operating leases are recognised in the profit/ loss account as per terms & conditions of the Lease Agreements.

B. Notes to Accounts

1. Contingent Liabilities

a) Contingent liabilities not provided in the Books of Accounts:

Particulars	As at	As at
	31.03.2010	31.03.2009
Guarantees given by banks	50,00,000	50,00,000
Outstanding letter of credit	24,51,102	Nil
Claims not acknowledge as Debts	-	2,42,000

b) Sales Tax demand amounting ₹6, 55,188/- against which the Company has preferred an appeal before Commissioner and deposited the same under protest.

2. Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) ₹57,80,461/- (P. Y. ₹11,40,02,114/-).

3. During the year the subsidiary company Jones H Smith, FZE, UAE has commenced the business.

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

Particulars	As at	As at
	31.03.2010	31.03.2009
A. Funds raised through Initial Public Offerings	38,86,19,256	38,86,19,256
B. Utilisation by way of expansion plan/New Project		
- Building and civil works	8,63,39,862	8,63,39,862
- Plant and Machinery	21,02,08,224	21,02,08,224
- Margin money for working capital	1,60,25,000	1,60,25,000
- Contingencies	-	-
- General Corporate Purposes	3,78,30,987	3,78,30,987
- IPO Expenses	3,79,21,369	3,79,21,369
Total Funds utilised	38,83,25,442	38,83,25,442
C. The unutilised funds as at March 31, 2010 have been temporarily invested in Bank Fixed Deposit and other short term investments as follows:-		
Fixed Deposit Receipts (Including Bank Balance)	2,93,814	2,93,814
Short Term Investments	-	-
Total Unutilised funds	2,93,814	2,93,814

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

5. Segment Reporting

The Company has business segments as primary segment and geographical segments as secondary segments.

Primary Segment Information: Business Segments

(₹ in Lacs)

S. No.	Particulars	Consolidated Year ended	
		31.03.2010 Audited	31.03.2009 Audited
A.	SEGMENT REVENUE		
i)	FMCG	5,107.85	2,799.43
ii)	Personal Care Products-Marketing & Distribution	1,720.46	–
iii)	Dental Care Clinics	17.52	3.77
	Total	6,845.83	2,803.20
B.	SEGMENT RESULTS:		
	Profit/Loss Before tax and Interest		
i)	FMCG	962.99	447.48
ii)	Personal Care Products-Marketing & Distribution	241.65	(2.03)
iii)	Dental Care Clinics	(15.02)	(12.41)
	Total	1,189.62	433.04
	Less:		
	Interest	299.64	295.19
	Other Unallocable Expenditure		
	Total profit before Tax & Exceptional Items	889.98	137.85
C.	CAPITAL EMPLOYED		
	(Segment Assets– Segment Liabilities)		
i)	FMCG	9,550.59	6,037.93
ii)	Personal Care Products-Marketing & Distribution	249.97	14.74
iii)	Dental Care Clinics	–	–
	Total Capital Employed	9,800.56	6,052.67

Secondary Segment Information: Geographical Segments

(₹ in Lacs)

Particulars	Exports		Domestic	
	2009-10	2008-09	2009-10	2008-09
Sales*	855.51	687.60	5997.90	2203.10
Assets(Debtors)	713.22	353.57	3659.26	343.84

*Sales figures are inclusive of excise duty.

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

6. Related Party

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

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

I. Key management personnel

- Mr. Nikhil Nanda
- Mr. G.K. Nanda
- Mr. P.K. Manglik

II. Relatives of Key Management Personnel

- Mrs. Sushma Nanda

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

- Berco Engineering Private Limited
- Dr. Fresh, USA.
- Number one Real Estate Pvt. Ltd.
- JHS Svendgaard Hygiene Products Ltd.

Note: JHS Svendgaard Hygiene Products Limited, being Subsidiary in the Financial Year 2008-09, had ceased to be the subsidiary in the financial year 2009-10

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

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

(Amount in ₹)

Transactions	Key Management Personnel		Enterprises over which Key Management Personnel and their relatives exercise significant influence		Subsidiary companies	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Finished goods sold to						
- Dr Fresh Inc	–	–	44,35,550	2,18,15,458	–	–
- JHS Svendgaard Hygiene Products Ltd.	–	–	2,37,986	–	–	–
Rent Paid to						
- Berco Engineering Pvt. Ltd.	–	–	16,54,500	16,82,825	–	–
- Nikhil Nanda	13,23,100	44,92,340	–	–	–	–
Electricity expenses paid to						
- Nikhil Nanda	16,40,777	40,67,425	–	–	–	–
Director Remuneration						
- Nikhil Nanda	12,94,167	12,09,543	–	–	–	–
- P.K. Manglik	2,45,000	1,75,000	–	–	–	–
- G.K. Nanda	1,20,000	1,20,000	–	–	–	–
Loan from Director						
- Nikhil Nanda (accepted)	10,00,000	13,76,500	–	–	–	–
- Nikhil Nanda (repaid)	12,00,000	–	–	–	–	–
Loan / Advance						
JHS Svendgaard Hygiene Products Ltd. (Advance given)	–	–	11,00,664	–	–	–
JHS Svendgaard Hygiene Products Ltd. (Repayment Received)	–	–	4,46,44,492	–	–	–
Number one Real Estate Pvt. Ltd. (Advance given)	–	–	2,16,60,000	1,90,10,000	–	–
Number One Real Estate Pvt. Ltd. (Repayment Received)	–	–	1,20,00,000	1,90,10,000	–	–

Balance outstanding

(Amount in ₹)

	2009-10	2008-09
Payables		
Loans & Advances		
- Nikhil Nanda	11,76,500	13,76,500
Others		
- Nikhil Nanda	8,47,979	15,63,577
- P. K. Manglik	52,863	–
- G. K. Nanda	1,60,000	–
- Sitting Fees	1,43,500	1,16,500
- Berco Engineering Pvt Ltd.	2,48,174	2,25,524
Receivables		
Loans & Advances		
JHS Svendgaard Hygiene Products Limited	725,664	–
Number One Real Estate Pvt. Ltd.	96,60,000	–
- Dr Fresh Inc.	41,29,179	52,05,397
Others		
JHS Svendgaard Hygiene Products Limited	237,986	–

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

7. Obligation on long term, cancelable operating leases:

The Company has executed various cancelable operating leases. The Rental expenditure incurred by the Company for operating leases for the years ended March 31, 2010 & March 31, 2009 was ₹34,33,034/- & ₹67,97,626/- respectively.

8. The calculation of Earning 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:

Particulars	Units	2009-10	2008-09
Profit after Tax	A	₹ 8,07,49,162	1,43,82,533
Weighted average no. of equity shares	B	Nos. 13,698,363	1,29,00,007
Add: Dilutive potential equity shares		Nos. 7,51,644	1,60,000
Number of equity shares for Dilutive EPS	C	Nos. 14,450,007	1,30,60,007
Nominal value per share		₹ 10	10
Basic Earning Per Share (A/B)		₹ 5.89	1.07
Diluted Earning Per Share (A/C)		₹ 5.59	1.06

9. In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net increase in deferred tax asset of ₹18,61,346 for the current year has been recognised in the profit & loss account. The tax effect of significant timing differences as at March 31, 2010 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2010.

Particulars	(Amount in ₹)	
	As at 31.03.2010	As at 31.03.2009
Deferred Tax Liabilities		
On account of Depreciation	—	24,30,047
Provision for Preliminary Expenses	22,966	—
Total Deferred Liabilities	22,966	24,30,047
Deferred Tax Assets		
On account of Depreciation	4,78,552	—
Provision for Gratuity	4,04,994	3,14,434
Provision for Preliminary Expenses	—	28,864
Bonus	1,46,549	1,94,116
Provision for obsolete stock	7,32,769	17,74,409
Provision for doubtful debts	1,25,545	1,25,545
Carry Forward of Losses	8,80,643	8,77,419
Total Deferred Assets	27,69,052	33,14,427
Net Deferred Tax Assets/ (Liabilities)	27,46,086	8,84,740

10. Remuneration

- a) Details of remuneration to Managing Director is as under:

(Amount in ₹)		
Particulars	2009-10	2008-09
Salary	12,00,000	12,00,000
Monetary Perquisites	94,167	9,543
Total (₹)	12,94,167	12,09,543

- b) Remuneration to Whole Time Directors is as under

(Amount in ₹)		
Particulars	2009-10	2008-09
Salary	3,65,000	2,95,000
Monetary Perquisites	Nil	Nil
Total (₹)	3,65,000	2,95,000

- c) Sitting fee paid to Director ₹27000 (₹21000)

The contribution to Gratuity has made on a group basis and separate figures applicable to an individual employee are not available therefore, contribution to gratuity fund has not been considered in the above computation

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd...)

11. Sundry Creditors in Schedule No. 12, Accounts include

Sundry Creditors in Schedule No. 12; Accounts include

- ₹ Nil/- due to creditors registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME); and
- ₹ Nil/- is payable for interest during the year to Micro, Small and Medium Enterprises.
- The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

12. The Company has exercised an option relating to "The Effects of changes in foreign exchange rates" (Notification No. G.S.R 225 (E)). With the exercise of such option the amount remaining to be amortize in the financial statement is ₹ Nil.

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

14. During the year the Company has proposed issue of 11,00,000 warrants on preferential basis for which in principle approval from the Stock Exchange is pending.

15. During the year the Company has converted 15,50,000 convertible warrants issued at a price of 46/- per warrant into Equity Shares of face value 10/- per share at a premium of 36/- per share on September 25, 2009.

16. Schedule 1 to 22 forms integral part of the Balance Sheet and have been authenticated as such.

As per attached report of even date.

For Haribhakti & Co.
Chartered Accountants
FRN No 103523W

On behalf of the Board if Directors
JHS Svendgaard Laboratories Limited

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715
Place: New Delhi
Dated : May 29, 2010

Sd/- Sd/- Sd/-
Nikhil Nanda Guninder Bhalla Anshu Kumar Chakravorty
Managing Director Director Company Secretary
DIN: 00051501 DIN: 01987186



CONSOLIDATED CASH FLOW STATEMENT For the year ended March 31, 2010

(Amount in ₹)

	For the year ended 31.03.2010	For the year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	88,998,108	13,786,204
Adjusted for :		
Depreciation	41,457,473	30,448,606.00
Interest, Dividend and Miscellaneous Income	(708,944)	(1,216,112)
Excess Provision / sundry balances written Back	13,036	(2,406,658)
Preliminary & Preoperative Expenses written off	-	9,982
Loss (Profit) on disposal of Fixed Assets	-	827,537
Provision for Obsolete Stock	1,126,487	5,220,386
Provision for doubtful advances	824,250	-
Provision for doubtful debts	3,445,202	-
Profit on Redemption on Mutual Fund	-	(15,798)
Adjustment with FCMTDA	-	3,005,200
Interest and financial Charges	29,964,363	29,477,330
Operating Profit before Working Capital Changes	165,119,976	79,136,677
Adjusted for :		
(Increase)/Decrease in Inventories	(5,131,125)	(25,506,400)
(Increase)/Decrease in Debtors	(367,414,278)	(4,743,351)
(Increase)/ Decrease in Loan & Advances	(8,649,722)	23,908,108
(Increase)/ Decrease in Other Current Assets	(60,689)	(15,798)
Increase/(Decrease) in Current liabilities and provisions	205,338,042	(57,299,782)
Cash generated from Operations	(10,797,796)	15,479,454
Taxes Paid/(Refund) [Net]	3,088,496	(4,826,561)
Net Cash generated from Operating Activities	(7,709,300)	10,652,893
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Fixed Assets	31,326,542	(266,110,562)
Purchase of Investments	(500,000)	(835,190)
Interest and Dividend Income Received	708,944	1,257,642
Redemption of Mutual Fund	-	28,184,519
Adjustment for erstwhile subsidiary co.	652,510	-
Net Cash inflow/(outflow) from Investing Activities	32,187,996	(237,503,591)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	8,140,000	1,500,000
Forfeiture of Share warrants	230,000	-
Proceeds from Share Premium	55,800,000	-
Movement in Secured Loans (Net)	(83,813,717)	156,252,810
Dividend Paid	(3,744,248)	-
Movement of Unsecured Loans (Net)	8,853,734	31,224,779
Interest and financial Charges	(29,825,425)	(29,518,860)
Net Cash inflow/(outflow) from Financing Activities	(44,359,656)	159,458,729
Net (Decrease) / Increase in Cash and Cash Equivalents	(19,880,959)	(67,391,969)
Opening Balance of Cash and Cash Equivalents	25,243,205.00	92,635,174
Closing Balance of Cash and Cash Equivalents	5,362,246	25,243,205

As per attached report of even date.

For Haribhakti & Co.
Chartered Accountants
FRN No 103523W

On behalf of the Board of Directors
JHS Svendgaard Laboratories Limited

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715
Place: New Delhi
Dated : May 29, 2010

Sd/-
Nikhil Nanda
Managing Director
DIN: 00051501

Sd/-
Guninder Bhalla
Director
DIN: 01987186

Sd/-
Anshu Kumar Chakravorty
Company Secretary
DIN: 92,635,174

JHS Svendgaard Dental Care Limited

DIRECTORS' REPORT

To,
The Members of
JHS SVENDGAARD DENTAL CARE LIMITED

Your Directors have pleasure in presenting their Second Annual Report together with the Audited statement of Accounts for the year ended at March 31, 2010.

Financial Results/ Operations

A net loss of ₹16,22,599.59/- (Rupees Sixteen Lac Twenty Two Thousand Five Hundred Ninety Nine and Fifty Nine Paise Only) is generated during the financial year ended at March 31, 2010. Your Directors are confident to achieve better results in near future. The financial results are summarised here under:

(Amount in Rupees)

Particulars	31.03.2010	31.03.2009
Total Revenues	1,752,012.00	377,441.00
Total Expenditures	3,374,611.59	1,660,347.30
Loss for the year	(1,622,599.59)	(1,282,906.30)
Less: Provision for Taxation – Deferred Assets	365,095.00	418,648.00
Add: Loss Brought Forward from Previous Years	(865,629.30)	0.00
Loss Carried Forward	(2,123,133.89)	(865,629.30)

Dividend

Considering the future expansion plans of the Company, the Board of Directors does not recommend any dividend for the financial year ending at March 31, 2010.

Deposits

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

Other Informations

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

Auditors

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

Directors

Reappointments

Mr. Harish Chander Nanda, Director of the Company, liable to retire

by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

Holding Company

As on March 31, 2010 JHS Svendgaard Laboratories Limited holds 29,996 Shares of Rupees 10/- each constituting 59.99 % of the total paid up Share Capital of the Company. The Company continued to be the subsidiary of JHS Svendgaard Laboratories Limited.

Directors' Responsibility Statement

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- Appropriate accounting policies as mentioned in Schedule No. VI have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and the loss of the Company for the year ended March 31, 2010.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

Acknowledgments

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

On behalf of the Board of Directors
For JHS Svendgaard Dental Care Limited

Sd/-
Nikhil Nanda
Director

DIN: 00051501

Place: New Delhi

Date: September 4, 2010

Sd/-
Harish Chander Nanda
Director

DIN: 00095132



AUDITORS' REPORT

To,
The Members of,
JHS SVENDGAARD DENTAL CARE LIMITED

1. We have audited the attached Balance Sheet of JHS Svendgaard Dental Care Limited as at March 31, 2010 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in term of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex here to a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 2 above, we report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet Profit & loss Account and Cash Flow

- statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, in so far as they are applicable to the Company;
 - v. On the basis of our review of the confirmation received and the information and explanation given to us, none of the directors of the Company are as on March 31, 2010, disqualified from being appointed as director of the Company under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
 - vi. In our opinion and the best of our information and according to the explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - a) in so far as it relates to the Balance Sheet, of the STATE OF AFFAIRS of the Company as at March 31, 2010 and
 - b) in so far as it relates to the Profit & Loss Account, of the LOSS for the year ended on that date, and
 - c) in the case of the cash flow statement, of the cash flow for the year on that date

For L. K. Kapoor & Co.
Chartered Accountants
Firm Regd. No.: 08099N

Sd/-
CA. L. K. Kapoor
Proprietor

Place: New Delhi
Dated: May 15, 2010

Membership No.: 086942

ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report to the Members of JHS SVENDGAARD DENTAL CARE LIMITED on the accounts for the year ended March 31, 2010]

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) All the assets have been physically verified by the management during the period and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) During the period, the Company has not disposed off any fixed assets.
2. The Company has no inventory and has not purchased and sold any inventory and therefore matters specified in items (a), (b)

and (c) of the item (ii) of paragraph 4 of the said order are not applicable to the Company.

3. a) The Company has taken loans from its holding company covered in the register maintained under section 301 of the Companies Act, 1956. The amount outstanding as on March 31, 2010 is ₹18.59 lac (maximum amount outstanding during the year is ₹18.59 lacs). The Company also taken loan from other parties covered in the register maintained under section 301 of the Companies Act, 1956. Number of such parties are three and amount outstanding is ₹9.73 lacs (maximum amount outstanding during the year is ₹20.22 lacs). The Company has not granted loans to companies, firms or other parties covered in the register

maintained under section 301 of the Companies Act, 1956.

- b) In our opinion, the rate of interest and the other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are, prima facie, not prejudicial to the interest of the Company.
- c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest, if any. The other parties and firms have repaid the principal amounts as stipulated and have been regular in the payment of interest.
- d) There is no overdue amount of loan taken or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and sale thereof. During the course of our audit, we have not observed any continuing failure to connect major weakness in internal controls.
5. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in the pursuance of such contracts or arrangement centered in the register maintained under section 301 of the Companies Act, 1956, and exceeding the value of Rupees five lacs in respect of any party during the period, have been made at prices which are reasonable as compared to the prices of similar items supplied by the other parties or as available with the Company.

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

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

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

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

- b) According to the information and explanations given to us, there is no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom duty and Excise duty and cess were in arrears, as at March 31, 2010 for a period of more than six months from the date they become payable except payment of TDS of ₹56225/- which is overdue for more than six months.

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

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

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

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

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

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

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

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

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

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

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

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

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

For L. K. Kapoor & Co.
Chartered Accountants
Firm Regd. No.: 08099N

Sd/-
CA. L. K. Kapoor
Proprietor

Place: New Delhi
Dated: May 15, 2010

Membership No.: 086942



BALANCE SHEET

As at March 31, 2010

(Amount in ₹)

Schedule	As at 31.03.2010	As at 31.03.2009
I. SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital I	500,000.00	500,000.00
Loan Funds		
Unsecured Loans II	2,831,580.00	2,271,114.00
Total	3,331,580.00	2,771,114.00
II. APPLICATION OF FUNDS		
Fixed Assets III		
Gross Block	2,072,076.68	1,407,569.00
Less: Accumulated Depreciation	164,881.37	38,319.00
Net Block	1,907,195.31	1,369,250.00
Net Current Assets		
Current Asset, Loans & Advances		
Cash and Bank Balances IV	226,029.00	362,000.70
Loan & Advances V	55,136.00	77,893.00
	281,165.00	439,893.70
Less: Current Liabilities & Provisions		
Current Liabilities VI	1,341,458.20	225,530.00
Provisions VII	422,199.00	96,777.00
	1,763,657.20	322,307.00
Net Current Assets	(1,482,492.20)	117,586.70
Deferred Tax Assets	783,743.00	418,648.00
Profit & Loss Account	2,123,133.89	865,629.30
Total	3,331,580.00	2,771,114.00
Significant Accounting Policies & Notes on Accounts VIII		

Schedule I to VIII from an integral part of accounts.

As per attached report of even date.

For L. K. Kapoor & Co.
Chartered Accountants
Firm Regd. No 08099N

On behalf of the Board of Directors
JHS Svendgaard Dental Care Limited

Sd/-
L. K. Kapoor
Proprietor
Membership No.: 086942
Place: New Delhi
Dated : May 15, 2010

Sd/-
Nikhil Nanda
Director
DIN: 00051501

Sd/-
H. C. Nanda
Director
DIN: 00095132

PROFIT AND LOSS ACCOUNT

For the period ended March 31, 2010

(Amount in ₹)

Schedule	For the year ended 31.03.2010	For the year ended 31.03.2009
INCOME		
Other Income	1,752,012.00	377,441.00
Total	1,752,012.00	377,441.00
EXPENDITURES		
Material Consumed	453,524.00	200,127.15
Staff Expenses	1,286,727.00	255,455.00
General and Administrative Expenses	1,386,796.00	1,124,916.00
Interest and Financial Charges	121,002.22	41,530.15
Depreciation	126,562.37	38,319.00
Total	3,374,611.59	1,660,347.30
Profit/(Loss) for the year	(1,622,599.59)	(1,282,906.30)
Add: Brought Forwards from Previous Year	(865,629.30)	-
Less: Provision for Deferred Tax Assets	365,095.00	418,648.00
Less: Provision for Fringe Benefit Tax	-	(1,371.00)
Balance carried to Balance Sheet	(2,123,133.89)	(865,629.30)
Significant Accounting Policies & Notes on Accounts VIII		

Schedule I to VIII from an integral part of accounts.

As per attached report of even date.

For L. K. Kapoor & Co.
Chartered Accountants
Firm Regd. No 08099N

On behalf of the Board of Directors
JHS Svendgaard Dental Care Limited

Sd/-
L. K. Kapoor
Proprietor
Membership No.: 086942
Place: New Delhi
Dated : May 15, 2010

Sd/-
Nikhil Nanda
Director
DIN: 00051501

Sd/-
H. C. Nanda
Director
DIN: 00095132



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

(Amount in ₹)

	As at 31.03.2010	As at 31.03.2009
1 SHARE CAPITAL		
Authorised		
1000000 Equity Shares of ₹10/- each	10,000,000.00	10,000,000.00
Issued, Subscribed and Paid up		
50000 Equity Shares of ₹10/- each	500,000.00	500,000.00
Total	500,000.00	500,000.00

2 UNSECURED LOANS

From JHS Svendgaard Laboratories Ltd. (Holding Company)	1,859,050.00	1,049,050.00
From Directors	972,530.00	1,222,064.00
Total	2,831,580.00	2,271,114.00

3 FIXED ASSETS

Nature of Fixed Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.04.2009	Addition during the year	Sales / Adj. during the year	As at 31.03.2010	Up to 31.03.2009	For the year 2009-10	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Plant & Machinery	956,000.00	553,059.68	0.00	1,509,059.68	28,513.00	86,072.62	0.00	1,394,474.06	927,487.00
Furniture & Fixture	365,921.00	73,696.00	0.00	439,617.00	3,809.00	25,349.20	0.00	410,458.80	362,112.00
Computer	74,960.00	37,752.00	0.00	112,712.00	5,962.00	14,347.50	0.00	20,309.50	68,998.00
Equipments	10,688.00	0.00	0.00	10,688.00	35.00	793.05	0.00	828.05	10,653.00
Total	1,407,569.00	664,507.68	0.00	2,072,076.68	38,319.00	126,562.37	0.00	1,648,813.31	1,369,250.00
Previous Year	0.00	1,407,569.00	0.00	1,407,569.00	0.00	38,319.00	0.00	38,319.00	0.00

	As at 31.03.2010	As at 31.03.2009
4 CASH & BANK BALANCES		
Cash on hand	226,029.00	165,968.00
Bank Balances:		
With Other Banks		
- In Current Account	-	196,032.70
Total	226,029.00	362,000.70

5 LOAN AND ADVANCES

Advances recoverable in cash or in kind or for which value to received	22,233.00	63,823.00
TDS Recoverable A.Y. 2009-10	14,070.00	14,070.00
TDS Recoverable A.Y. 2010-11	18,833.00	-
Total	55,136.00	77,893.00

6 CURRENT LIABILITIES

Sundry Creditors		
- for Others	146,875.68	139,994.00
Book Bank Overdraft with HDFC Bank Ltd.	759,581.52	-
Other Liabilities	248,327.00	3,934.00
TDS Payable	186,674.00	81,602.00
Total	1,341,458.20	225,530.00

7 PROVISIONS

- for Expenses	422,199.00	95,406.00
- for Taxation	-	1,371.00
Total	422,199.00	96,777.00

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

(Amount in ₹)

Detail of Unsecured Loan as on 31.3.2010:

Sl. No.	Name of Party	As on 31.3.2010	As on 31.3.2009
I.	From Holding Company		
1	JHS Svendgaard Laboratories Ltd.	1,859,050.00	1,049,050.00
II.	From Directors		
1	H.C.Nanda	750,466.00	1,000,000.00
2	Nikhil Nanda	222,064.00	222,064.00
Total		2,831,580.00	2,271,114.00

Detail of Sundry Creditors as on 31.3.2010:

Sl. No.	Name of Party	As on 31.3.2010	As on 31.3.2009
1	Cottex Pharma	1,604.00	950.00
2	Dr. Amit Dixit	-	1,056.00
3	Dr. Rashmi	-	14,355.00
4	Dr. Sukhdeep Singh	-	275.00
5	Dentaspaly	19,525.00	-
6	Gee Kay Printers	-	28,525.00
7	Innodent India	3,455.00	7,812.00
8	K. S. Mathur & Co.	8,522.00	-
9	Nandan Patra	1,500.00	-
10	Metro India Ltd.	-	28,441.00
11	Paramount Dental Lab	45,380.00	35,900.00
12	Ravi Kant Sharma	2,250.00	2,920.00
13	Saitronic Infotech Pvt. Ltd.	6,350.00	-
14	S. R. Traders	2,080.00	19,760.00
15	Surarshan Dental Lab	18,050.00	-
16	Unicorn Denmart Ltd.	36,559.68	-
17	Yogendra Singh	1,600.00	-
Total		146,875.68	139,994.00

Detail of Other Liabilities as on 31.3.2010:

Sl. No.	Name of Party	As on 31.3.2010	As on 31.3.2009
1	Dr. Amit Dixit- Imprest	-	3,768.00
2	Dr. Rashmi- Imprest	-	166.00
3	Emily Paul- Imprest	6,741.00	-
4	Mayur Healthcare Pvt. Ltd.	19,812.00	-
5	Due to H. C. Nanda	221,774.00	-
Total		248,327.00	3,934.00

Detail of Provisions for Expenses as on 31.3.2010:

Sl. No.	Name of Party	As on 31.3.2010	As on 31.3.2009
1	Salary & Wages Payable	251,678.00	51,371.00
2	Telephone Exp. Payable.	8,931.00	1,326.00
3	Interest Payable	74,195.00	27,709.00
4	Audit Fees Payable	15,000.00	15,000.00
5	Other Expenses Payable	42,564.00	-
6	Electricity Expenses Payable	7,252.00	-
7	Rent Payable	16,706.00	-
8	Interest on TDS Payable	5,873.00	-
Total		422,199.00	95,406.00

Detail of Loan & Advances as on 31.3.2010:

Sl. No.	Name of Party	As on 31.3.2010	As on 31.3.2009
I.	Advances Recoverable		
1	Mayur Health Care Pvt. Ltd.	-	63,823.00
2	Bharti Medicare Pvt. Ltd.	14,506.00	-
3	Subscription Prepaid	1,458.00	-
4	Rajinder	2,000.00	-
5	Rashmi Acharya	4,269.00	-
Total		22,233.00	63,823.00



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Detail of Bank Accounts as on 31.3.2010:

		(Amount in ₹)	
Sl. No.	Name of Party	As on 31.3.2010	As on 31.3.2009
1	HDFC Bank Ltd. A/c No.11810200004084	–	196,032.70
	Total	–	196,032.70

Detail of Other Income as on 31.3.2010:

		(Amount in ₹)	
Sl. No.	Name of Party	As on 31.3.2010	As on 31.3.2009
1	Income from Clinic	1,752,012.00	377,441.00
2	Misc. Income	–	–
	Total	1,752,012.00	377,441.00

Detail of Staff Expenses as on 31.3.2010:

		(Amount in ₹)	
Sl. No.	Name of Party	As on 31.3.2010	As on 31.3.2009
1	Salary & Wages	1,103,396.00	180,148.00
2	Incentives	179,361.00	73,287.00
3	Staff Welfare	3,970.00	2,020.00
	Total	1,286,727.00	255,455.00

Detail of General and Administrative Expenses as on 31.3.2010:

		(Amount in ₹)	
Sl. No.	Name of Party	As on 31.3.2010	As on 31.3.2009
1	Licence Fees	527,545.00	–
2	Legal & Proff. Charges	83,301.00	508,307.00
3	Rent	300,000.00	25,000.00
4	Conveyance	7,684.00	5,223.00
5	Electricity Expenses	69,870.00	7,453.00
6	Telephone Exp.	65,956.00	17,178.00
7	Interest on TDS	10,683.00	3,208.00
8	Payment to Auditors:		
	- Audit Fees	15,000.00	15,000.00
	- Others	23,500.00	–
9	Laboratory Charges	–	2,760.00
10	General Expenses	20,208.00	1,704.00
11	Printing & Stationery	47,086.00	52,443.00
12	Repair, Upkeep & Maint. Exp.	37,094.00	10,200.00
13	Web Designing Expenses	–	6,740.00
14	Preliminary Expenses	–	193,331.00
15	Preoperative Expenses	–	274,949.00
16	Postage & Courier	3,470.00	40.00
17	Legal Expenses	–	1,380.00
18	Filing Fees	8,500.00	–
19	Advt. & Publicity	96,716.00	–
20	Business Promotion	23,571.00	–
21	Prior Period Expenses	26,462.00	–
22	Subscription	4,719.00	–
23	Commission Paid	15,431.00	–
	Total	1,386,796.00	1,124,916.00

Detail of Interest and Financial Charges as on 31.3.2010:

		(Amount in ₹)	
Sl. No.	Name of Party	As on 31.3.2010	As on 31.3.2009
1	Interest on Loan	113,688.00	31,250.00
2	Bank Charges	7,314.22	10,280.15
	Total	121,002.22	41,530.15

For JHS Svendgaard Dental Care Limited

Place: New Delhi
Dated : May 15, 2010

Nikhil Nanda
Director
DIN: 00051501

H. C. Nanda
Director
DIN: 00095132

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

8 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Significant Accounting Policies

1. Basis of Accounting

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

2. Fixed assets and depreciation

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

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

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

3. Inventories

Consumable Stores are charged to consumption in the year of its purchase.

4. Revenue recognition

Revenue from services rendered is recognized on accrued basis as per accounting standards applicable to India.

5. Retirement benefits

Company's contributions to defined contribution schemes are charged to the profit and loss account on accrual basis. Provision for gratuity is based on actuarial valuation done as at the balance sheet date by independent actuaries.

No provision towards present liabilities, for the future payment of gratuity to employees under the Payment of Gratuity Act, 1972 has been made in the accounts, as the provisions of the Act are not applicable to the Company.

6. Accounting for taxes on income

Provision for current tax is made based on the tax payable for the year under the Income-tax Act, 1961 and based upon expected outcome of assessments and appeals.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date.

Deferred tax assets, other than on unabsorbed tax depreciation and unabsorbed tax losses, are recognised only to the extent that there is a reasonable certainty of their realisation. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognised only to the extent that there is virtual certainty of their realization supported by convincing evidence.

7. Impairment of Assets

An Asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Impairment Loss if any is charged to Profit & Loss A/c in the year in which impairment is identified.

8. Borrowing Cost

Borrowing cost that is directly attributable to the acquisition or construction of qualifying assets is capitalized as part of the cost of assets. Other borrowing costs are recognised as an expense.

9. Contingent Liability:

Un provided contingent liabilities are disclosed in the accounts by way of notes giving nature and quantity of such liabilities.

10. Events Occurring after Balance Sheet Date:

Events occurring after balance sheet date have been considered in the preparation of financial Statements.

11. Earning per Share

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end except where the results would be anti-dilutive.

Notes to Accounts

1. Capital Commitment in respect of contracts to be executed on capital account (Net of Advances) are ₹ Nil (Previous Year ₹ Nil).

2. Contingent Liabilities not provided for in respect of

(Amount in ₹)		
	Current year	Previous period
Claim not acknowledged as debts	Nil	Nil



SCHEDULES FORMING PART OF THE ACCOUNTS

8 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

3. Previous year figures are for the period from April 3, 2008 i.e. the date of incorporation to March 31, 2009. Therefore, there are not comparable with the current year figures.
4. Balance of debtors, creditors and loans and advances are subject to confirmation.
5. This Company has been incorporated as subsidiary company to M/s JHS Svendgaard Laboratories Ltd. on April 3, 2008 which holding 50.99% of equity shares of the Company as against the said holding company hold 59.99% of equity shares of the Company as on March 31, 2010 after acquisition of an additional 9.90% of equity shares in the previous year.
6. In the opinion of the Board, the current assets, loans and advances are of the value stated if realised in ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably required.
7. Section 349 of the Companies Act, 1956 is not being enumerated since no commission has been paid to the Directors and, as per Schedule XIII to the Companies Act, 1956.

(Amount in ₹)

	Current year	Previous period
8. i) Number of Non-Resident Shareholders	Nil	Nil
ii) Earnings/Expenditure/Remittances in Foreign Currency	Nil	Nil
9. Auditor's Remuneration		
	Current year	Previous period
Audit Fees	15000.00	15000.00
Other Payments - Certification	21000.00	-
- Income Tax	2500.00	-

10. There is no employees drawing salary in excess of provision made under section 217(2A) of the Companies Act, 1956, during the period.
11. In absence of any taxable profit no provision for Income Tax has been made for the year as per the provisions of the Income Tax Act, 1961.
12. In view of losses, the Earning Per Share (EPS) is -32.45 (Previous Year - 25.66).
13. The Company is in process of identification of Macro, Small & Medium Enterprises suppliers and service providers, at this point of time, if any.
14. Quantitative and Value analysis of goods traded in and goods sold are nil, hence not provided.
15. As specified in Accounting Standard 22 on "Accounting for Taxes on Income" issued by ICAI, deferred tax assets arising out of Timing Differences amounting to ₹783743.00 during the year ending on March 31, 2010 (Previous Period - ₹418648.00) has been charged from Profit & Loss Account.

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

(Amount in ₹)

	2009-10	2008-09
Deferred Tax Assets/Liabilities (-/+):		
Opening as on April 1, 2009	36376.00	-
Preliminary/Preoperative Expenses-Timing Difference	22966.00	22966.00
Depreciation - Timing Difference	37558.00	36395.00
Unabsorbed Losses - Timing Difference	(880643.00)	(478009.00)
Net Deferred Tax Assets	(783743.00)	(418648.00)

17. Related Party Disclosures

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

Related party disclosure

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

Enterprises where control exists:

- Ultimate Holding Company
1. JHS Svendgaard Laboratories Limited

SCHEDULES FORMING PART OF THE ACCOUNTS

8 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Other Related Parties with whom the Company had transactions:

Key management personnel

1. Mr. H. C. Nanda
2. Mr. Nikhil Nanda
3. Mrs. Sushma Nanda
4. Mr. Anish Nanda

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

(Amount in ₹)

Transactions	31.03.2010	31.03.2009
Transactions with the Holding Company during the year		
Unsecured Loan Recd. from		
- JHS Svendgaard Laboratories Ltd.	8100000.00	1593050.00
Unsecured Loan repaid to		
- JHS Svendgaard Laboratories Ltd.	-	544000.00
Transactions with Key Management Personnel & their relatives during the year		
Unsecured Loan Recd.:		
- Mr. H. C. Nanda	-	1000000.00
- Mr. Nikhil Nanda	-	244639.00
Unsecured Loan repaid:		
- Mr. Nikhil Nanda	-	22575.00
- Mr. H. C. Nanda	249534.00	-
Interest Paid:		
- Mr. H. C. Nanda	113688.00	31250.00
Rent Paid:		
- Mr. Anish Nanda	300000.00	25000.00
Balance outstanding as on March 31, 2010		
- JHS Svendgaard Laboratories Ltd. (Credit Balance)	1859050.00	1049050.00
- Nikhil Nanda (Credit balance)	222064.00	222064.00
- H. C. Nanda (Credit balance)	750466.00	1000000.00
No amount has been written off during the year.		

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

18. Schedule Nos. I to VIII from integral part of accounts and have been duly authenticated.

Schedule I to VIII from an integral part of accounts.

As per attached report of even date.

For L. K. Kapoor & Co.

Chartered Accountants

Firm Regd. No 08099N

Sd/-

L. K. Kapoor

Proprietor

Membership No.: 086942

Place: New Delhi

Dated : May 15, 2010

Sd/-

Nikhil Nanda

Director

DIN: 00051501

Sd/-

H. C. Nanda

Director

DIN: 00095132

On behalf of the Board of Directors
JHS Svendgaard Dental Care Limited



CASH FLOW STATEMENT

For the year ended March 31, 2010

(Amount in ₹)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
A. NET CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Tax		(1,622,599.59)		(1,282,906.30)
Depreciation	126,562.37		38,319.00	
Interest/Finance Charges	121,002.22	247,564.59	41,530.15	79,849.15
Operating Profit before Working Capital Changes		(1,375,035.00)		(1,203,057.15)
(Increase)/Decrease in Sundry Debtors	–		–	
(Increase)/Decrease in Inventories	–		–	
(Increase)/Decrease in Loans & Advances	22,757.00		(77,893.00)	
Increase/(Decrease) in Current Liabilities	1,115,928.20		225,530.00	
Increase/(Decrease) in Provisions	325,422.00	1,464,107.20	96,777.00	244,414.00
Cash Generated from Operations		89,072.20		(958,643.15)
Income Tax Paid		–		(1,371.00)
Cash Flow from Operating Activities		89,072.20		(960,014.15)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	664,507.68		1,407,569.00	
Sale of Fixed Assets	–	664,507.68	–	1,407,569.00
Net Cash Flow from Investing Activities		(575,435.48)		(2,367,583.15)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Unsecured Loans	1,610,000.00		2,858,440.00	
Repayment of Unsecured Loan	(1,049,534.00)		(587,326.00)	
Proceeds from Share Capital	–		500,000.00	
Interest/ Finance Charges	(121,002.22)		(41,530.15)	
Net Cash Flow from Financing Activities		439,463.78		2,729,583.85
Net Increase/(Decrease) in Cash and Cash Equivalents		(135,971.70)		362,000.70
Cash and Cash Equivalents at the beginning of the year		362,000.70		–
Cash and Cash Equivalents at the end of the year		226,029.00		362,000.70

Schedule I to VIII from an integral part of accounts.

As per attached report of even date.

For **L. K. Kapoor & Co.**
Chartered Accountants
Firm Regd. No 08099N

On behalf of the Board of Directors
JHS Svendgaard Dental Care Limited

Sd/-
L. K. Kapoor
Proprietor
Membership No.: 086942
Place: New Delhi
Dated : May 15, 2010

Sd/-
Nikhil Nanda
Director
DIN: 00051301

Sd/-
H. C. Nanda
Director
DIN: 00095132

Jones H Smith FZE,

DIRECTORS' REPORT

To the Members of

Jones H Smith FZE,

Your Directors have pleasure in presenting the Third Annual Report together with audited accounts of the Company for the year ended March 31, 2010.

Financial Results

During the financial year Company has a gain of AED 19,73,840. The Company has started its operations & look forward to expand overseas.

Auditors

"M/s. AL KTTBI & and ASSOCIATES", Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

Auditors' report

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

Deposits

During the year the Company has not accepted or invited any

deposit from Public within the meaning of section 58A of the Companies Act, 1956 and the rules made there under.

Acknowledgement

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

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

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

Place: New Delhi
Date: May 24, 2010

Sd/-
Nikhil Nanda
Director
DIN: 00051501

AUDITORS' REPORT

To,

The Shareholder

Jones H Smith FZE,

Ras Al Khaimah Free Trade Zone, P.O. Box 10559, Ras Al Khaimah, United Arab Emirates.

We have audited the accompanying financial statements of **Jones H Smith FZE - Ras Al Khaimah Free Trade Zone, United Arab Emirates**, which comprise the balance sheet as at March 31, 2010 and the statements of income, statement of changes in shareholder's equity, statement of cash flows for the year ended March 31, 2010 and a summary of significant accounting policies and other explanatory notes.

Management Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating appropriateness of accounting principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jones H Smith FZE -Ras AL Khaimah Free Trade Zone, Ras, AL Khaimah, United Arab Emirates as of March 31, 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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

Sd/-
AL KTTBI & ASSOCIATES
Chartered Accountants
DUBAI-UNITED ARAB EMIRATES
Dated : May 24, 2010

Sd/-
K. Ramu
Managing Partner



BALANCE SHEET

As at March 31, 2010

(In Arab Emirates Dirhams)

Notes	As at 31.03.2010	As at 31.03.2009
ASSETS		
Current assets		
Cash on hand and at banks 4	248,681	102,643
Trade receivables 5	11,295,899	–
Other receivables and prepayments 6	29,376	6,447
Inventories 7	53,453	–
	11,627,409	109,090
Total assets	11,627,409	109,090
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Trade and other payables 8	9,472,481	2,200
Total liabilities	9,472,481	2,200
Shareholder's Equity		
Shareholder's capital 2	100,000	100,000
Retained earnings 9	1,946,817	(27,023)
Shareholder's current account 10	108,111	33,913
Total Shareholder's Equity	2,154,928	106,890
Total Liabilities and Shareholder's Equity	11,627,409	109,090

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

The financial statements were approved by the Shareholders on May 24, 2010 and signed on its behalf by:

Sd/-

Director

Jones H Smith FZE

PROFIT AND LOSS ACCOUNT

For the year ended March 31, 2010

(In Arab Emirates Dirhams)

Notes	For the Year ended 31.03.2010	For the Year ended 31.03.2009
Sales 11	14,087,381	–
Cost of sales 12	(10,803,769)	–
Gross profit	3,283,612	–
Administrative expenses 13	(1,316,545)	(14,700)
Financial cost	(4,788)	–
Net profit/(loss) for the year before	1,962,279	(14,700)
Other income 14	11,561	–
Net profit/(loss) for the year	1,973,840	(14,700)

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

The financial statements were approved by the Shareholders on May 24, 2010 and signed on its behalf by:

Sd/-

Director

Jones H Smith FZE

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended March 31, 2010

(In Arab Emirates Dirhams)

	Share capital	Retained earnings	Shareholder's current account	Total
As at April 1, 2008	100,000	(12,323)	33,913	121,590
Changes in Shareholder's equity				
a) Net (loss) for the year	–	(14,700)	–	(14,700)
Balance at March 31, 2009	100,000	(27,023)	33,913	106,890
Changes in Shareholder's equity				
a) Net profit for the year	–	1,973,840	–	1,973,840
b) Net movement	–	–	74,198	74,198
Balance at March 31, 2010	100,000	1,946,817	108,111	2,154,928

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



STATEMENT OF CASH FLOW

For the year ended March 31, 2010

(In Arab Emirates Dirhams)

	For the Year ended 31.03.2010	For the Year ended 31.03.2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) for the year	1,973,840	(14,700)
Finance cost	4,788	-
Operating profit/(loss) before changes in operating assets and liabilities	1,978,628	(14,700)
(Increase) in trade receivables	(11,295,899)	-
(Increase)/decrease in other receivables and prepayments	(22,929)	12,500
(Increase) in inventories	(53,453)	-
Increase in trade payables	9,470,281	2,200
Net Cash form operating activities	76,628	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(4,788)	-
Net movement in Shareholder's current account	74,198	-
Net cash from financing activities	69,410	-
Net Increase in cash and cash equivalents	146,038	-
Cash and cash equivalents, beginning of the year	102,643	102,643
Cash and cash equivalents, end of the year	248,681	102,643
REPRESENTED BY:		
Cash on hand	152,425	1,599
Cash at bank	96,256	101,044
	248,681	102,643

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

Sd/-
Director
Jones H Smith FZE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2010

1. Legal status and business activity

- 1.1 Jones H Smith FZE., Ras Al Khaimah Free Zone- United Arab Emirates ("the Establishment") was incorporated on December 10, 2007 and operates as a Free Zone Establishment under the trade license issues by the Ras Al Khaimah Free Zone Authority of Government of Ras Al Khaimah.
- 1.2 The main activities of the Establishment as per trade license is trading in Perfumes, Cosmetics, beauty, personal care requisites, soap & hair care products.
- 1.3 The registered office of the Establishment is located at RAK Free Trade Zone, P.O. Box 10559, Ras Al Khaimah, United Arab Emirates.
- 1.4 The management and control are vested with Mr. Ajay Kumar Gupta.
- 1.5 These financial statements incorporate the operating results of trade license No. 3250.

2. Share Capital

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

3. Summary of significant accounting policies

Basis of Preparation:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), and applicable requirements of the U.A.E. Law. A summary of the significant accounting policies, which have been applied consistently, are set out below:

- a) **Accounting convention**
These financial statements have been prepared under historical cost convention basis.
- b) **Property, Plant and equipment**
Property, plant and equipments are stated at cost less accumulated depreciation and identified impairment loss, if any. The costs comprise of purchase price, levies, duties and any directly attributable costs of bringing the asset to its working condition. The cost of property, plant and equipment is depreciated using the straight line method.
- c) **Impairment of Assets**
Property, plant and equipment are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account.
- d) **Revenue recognition**
Revenue from sale of goods shall be recognised when all the following conditions have been satisfied:
 - i) The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
 - ii) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
 - iii) The amount of revenue can be measured reliably;
 - iv) It is probable that the economic benefit associated with the transaction will flow to the entity; and
 - v) The cost incurred or to be incurred in respect of the transaction can be measured reliably.
- e) **Financial expenses**
Financial expenses are accounted in the statement of income in the period in which they are accrued.
- f) **Provisions**
Provisions are recognised when the Company has a present obligation as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated.
- g) **Foreign Currencies**
Transaction denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising are included in the statement of income.
- h) **Financial Instruments**
Financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognised on the entity's balance sheet when the entity has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable or an equity instrument.

NOTES TO THE FINANCIAL STATEMENTS For the year ended March 31, 2010

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

i) Cash and Cash Equivalents

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

(In Arab Emirates Dirhams)		
	31.03.2010	31.03.2009
Cash in hand	152,425	1,599
Cash at bank	96,256	101,044
	248,681	102,643

Bank balance is verified with bank statements only.

(In Arab Emirates Dirhams)		
	31.03.2010	31.03.2009
Trade receivables	11,295,899	–
	11,295,899	–

Aging of trade receivables are as follows:

(In Arab Emirates Dirhams)		
	31.03.2010	31.03.2009
Due for less than six months	11,212,644	–
Due for more than six months	83,255	–
	11,295,899	–

The fair value of trade receivables is not materially different from their balances shown in the balance sheet.

(In Arab Emirates Dirhams)		
	31.03.2010	31.03.2009
Deposit	3,000	3,000
Prepayments	26,376	3,447
	29,376	6,447

(In Arab Emirates Dirhams)		
	31.03.2010	31.03.2009
Goods held for sale	53,453	–
	53,453	–

(In Arab Emirates Dirhams)		
	31.03.2010	31.03.2009
Trade payables	9,472,481	–
Other payables	–	2,200
	9,472,481	2,200

(In Arab Emirates Dirhams)		
	31.03.2010	31.03.2009
Opening balance	(27,023)	(12,323)
Net profit/(loss) for the year	1,973,840	(14,700)
Closing balance	1,946,817	(27,023)

(In Arab Emirates Dirhams)		
	31.03.2010	31.03.2009
Opening balance	33,913	33,913
Movements during the year	74,198	–
Closing balance	108,111	33,913

NOTES TO THE FINANCIAL STATEMENTS For the year ended March 31, 2010

(In Arab Emirates Dirhams)		
	31.03.2010	31.03.2009
Sales - Within UAE	13,850,126	–
- Outside UAE	237,255	–
	14,087,381	–

(In Arab Emirates Dirhams)		
	31.03.2010	31.03.2009
Purchases (including direct cost)	10,857,222	–
Less: Closing stock	(53,453)	–
	10,803,769	–

(In Arab Emirates Dirhams)		
	31.03.2010	31.03.2009
Salaries & other related benefits	146,656	–
Rent	59,299	(12,500)
Communication	95,127	–
Utilities	75,789	–
Legal, visa and taxes	184,944	(2,200)
Travelling and conveyance	208,113	–
Transportation	373,381	–
Labour charges	13,699	–
Business promotion	64,616	–
Miscellaneous	94,921	–
	1,316,545	14,700

(In Arab Emirates Dirhams)		
	31.03.2010	31.03.2009
Exchange gain	11,561	–
	11,561	–

15. Financial instruments

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

Credit Risk

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

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

Currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams or US Dollars to which the conversion of Dirhams into US Dollar is fixed.

Interest rate risk

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

Fair values

At the balance sheet date, the fair values of financial assets and liabilities at year-end approximate to their carrying amounts.

16. Contingent liability

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



Disclaimer

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and the underlying assumptions undergoing change. Should known or unknown risks or uncertainties materialise, or should underlying assumptions not materialise, actual results could vary materially from those anticipated, estimated or projected. Shareholders & Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.