JHS

JHS Svendgaard Laboratories Limited

Annual Report 2011-12

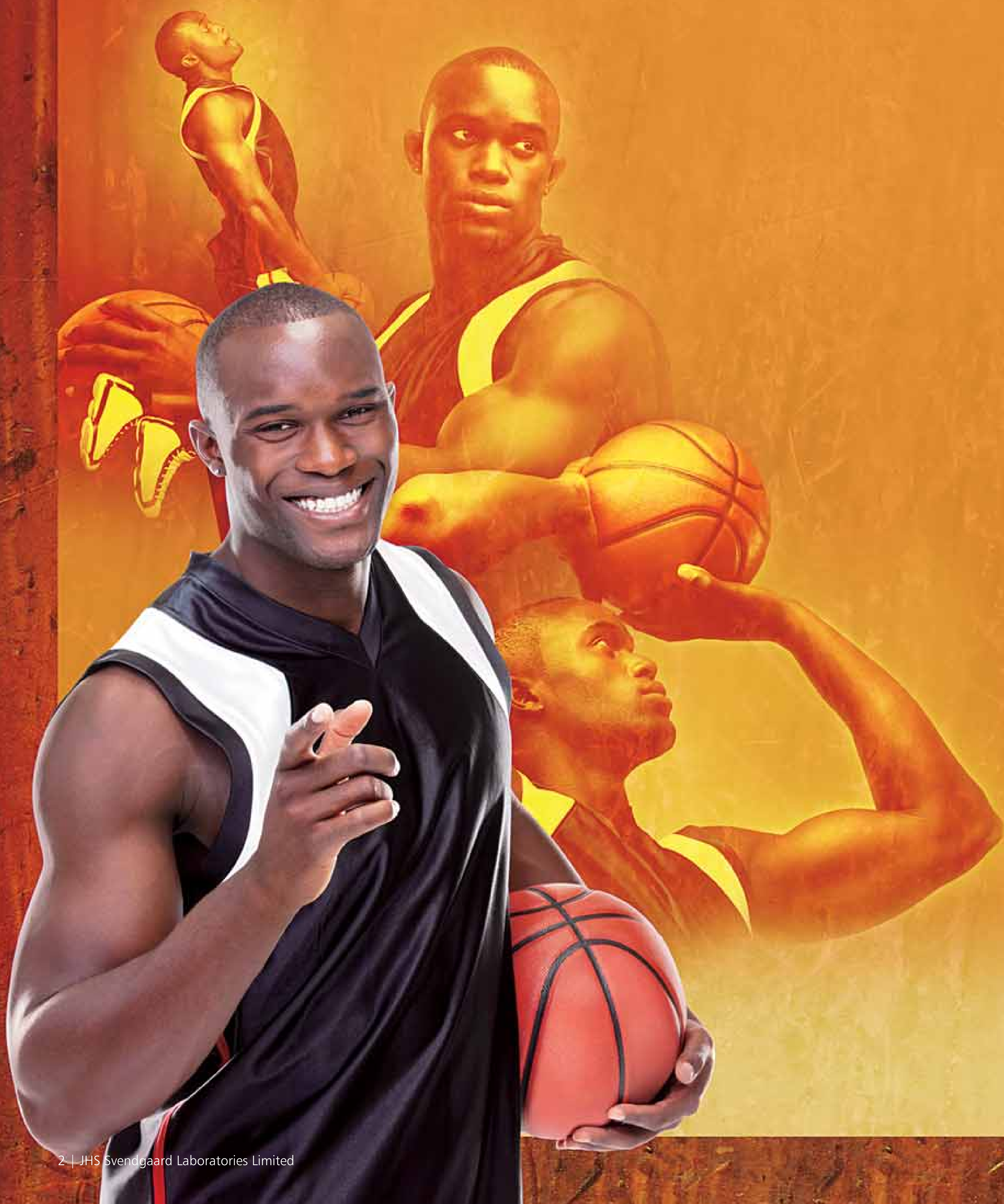
Survivor!

Words of caution!

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

We survived. We learned. And readied for a profitable future!

Between the pages



JHS Svendgaard Laboratories Limited: Making the world smile

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

Headquartered in New Delhi, India, the Company offers a one-stop shop solution for oral care products (toothbrushes, toothpastes, mouthwash, whitening gels, and denture products) for national and global FMCG brands. It also manufactures laundry products.

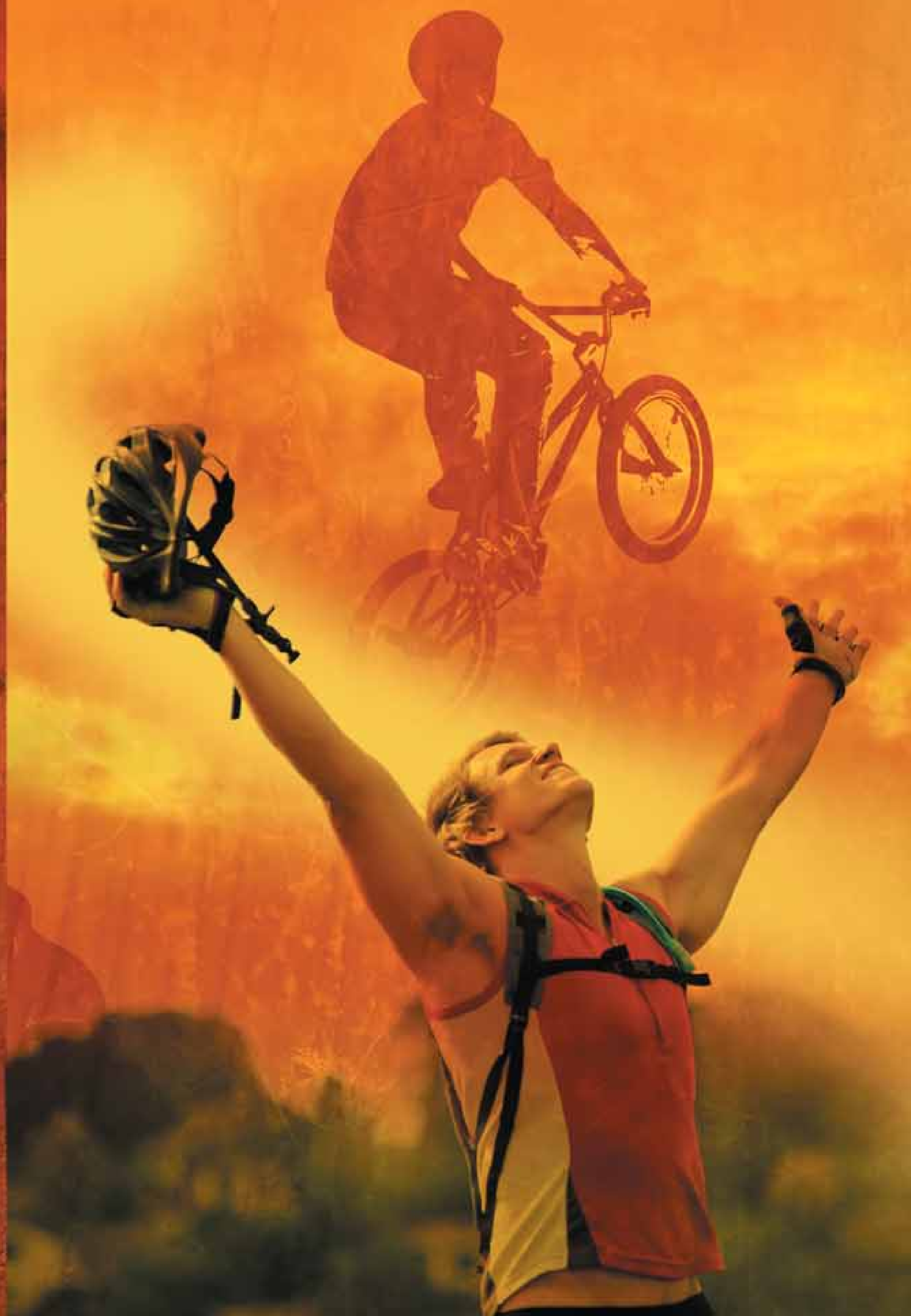
Established in 1994, the Company has two ISO-certified units spread across Noida SEZ (Uttar Pradesh) and Kala Amb (Himachal Pradesh) managed by an experienced and energetic team headed by Mr. Nikhil Nanda. The Company's equity shares are listed on the Bombay Stock Exchange and National stock exchanges.

Vision

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

Mission

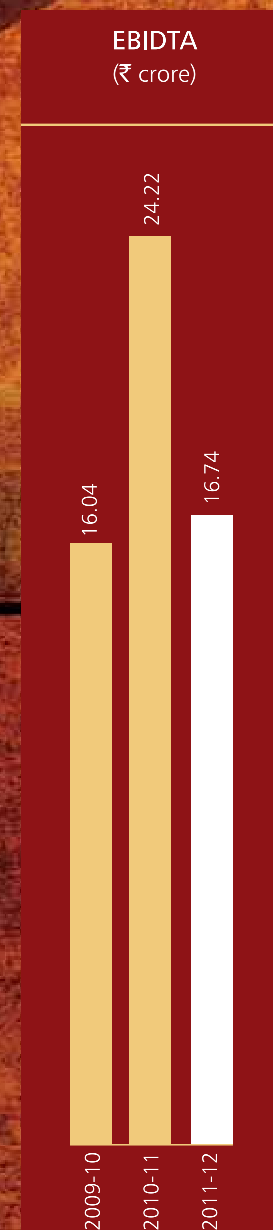
- Constantly driving innovations in our products leading to their mass appeal
- Committed to customer delight by combining affordable pricing with best quality
- Increasing awareness for oral hygiene through products, services and media campaigns

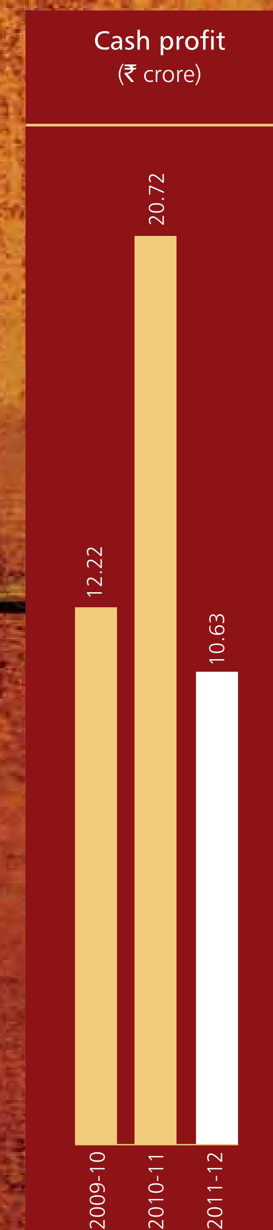


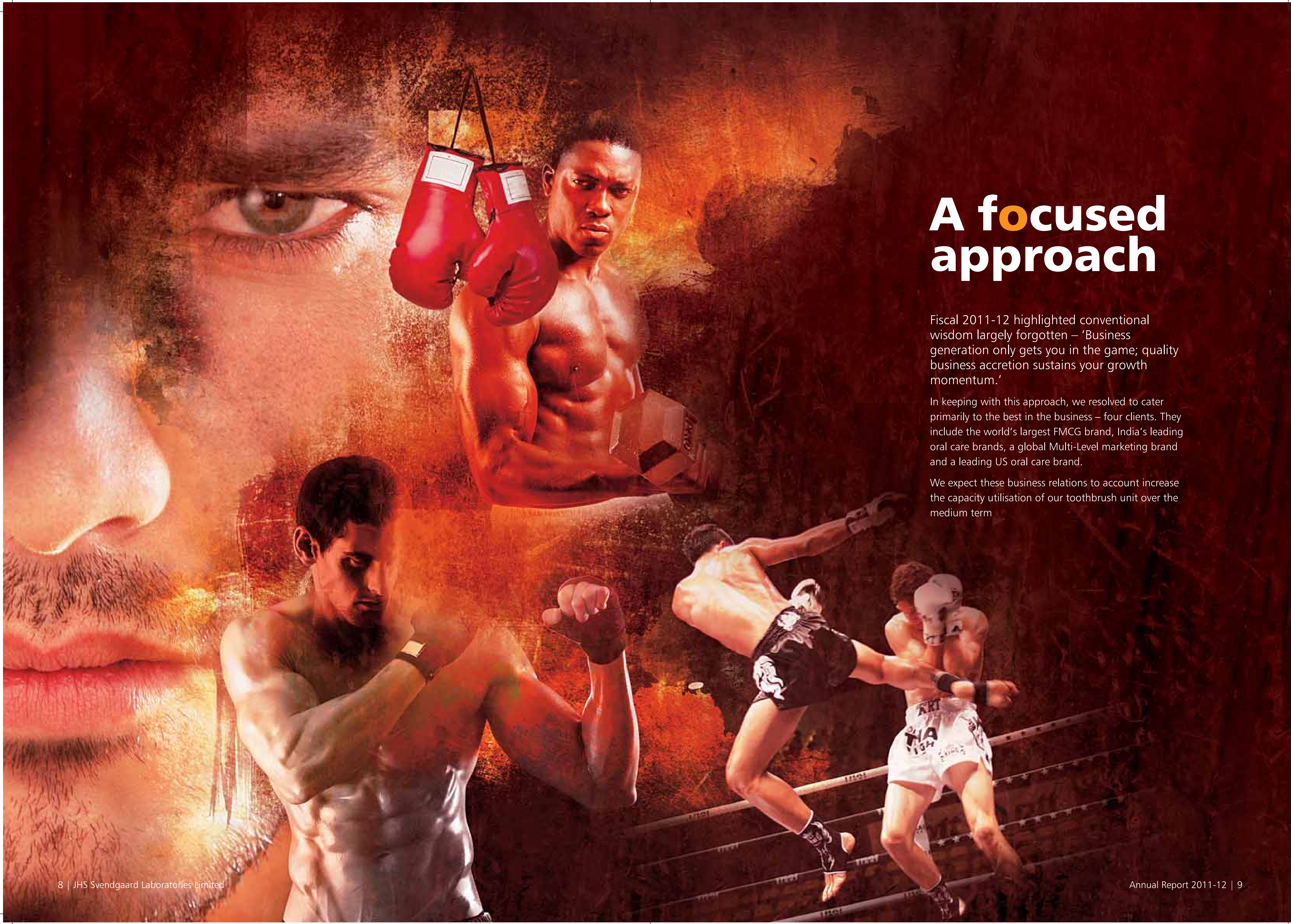
2011-12 in retrospect

- Achieved optimum capacity utilisation at the laundry unit
- Endorsed a long term agreement with India's leading FMCG brand for toothbrushes
- Received ₹ 4.89 crore from Mr Nikhil Nanda following the allotment of equity shares on a preferential basis
- New clients added in 2010-11, (a US-company and a global Multi-Level Marketing company) contributed significantly to the Company revenue

Historical progress





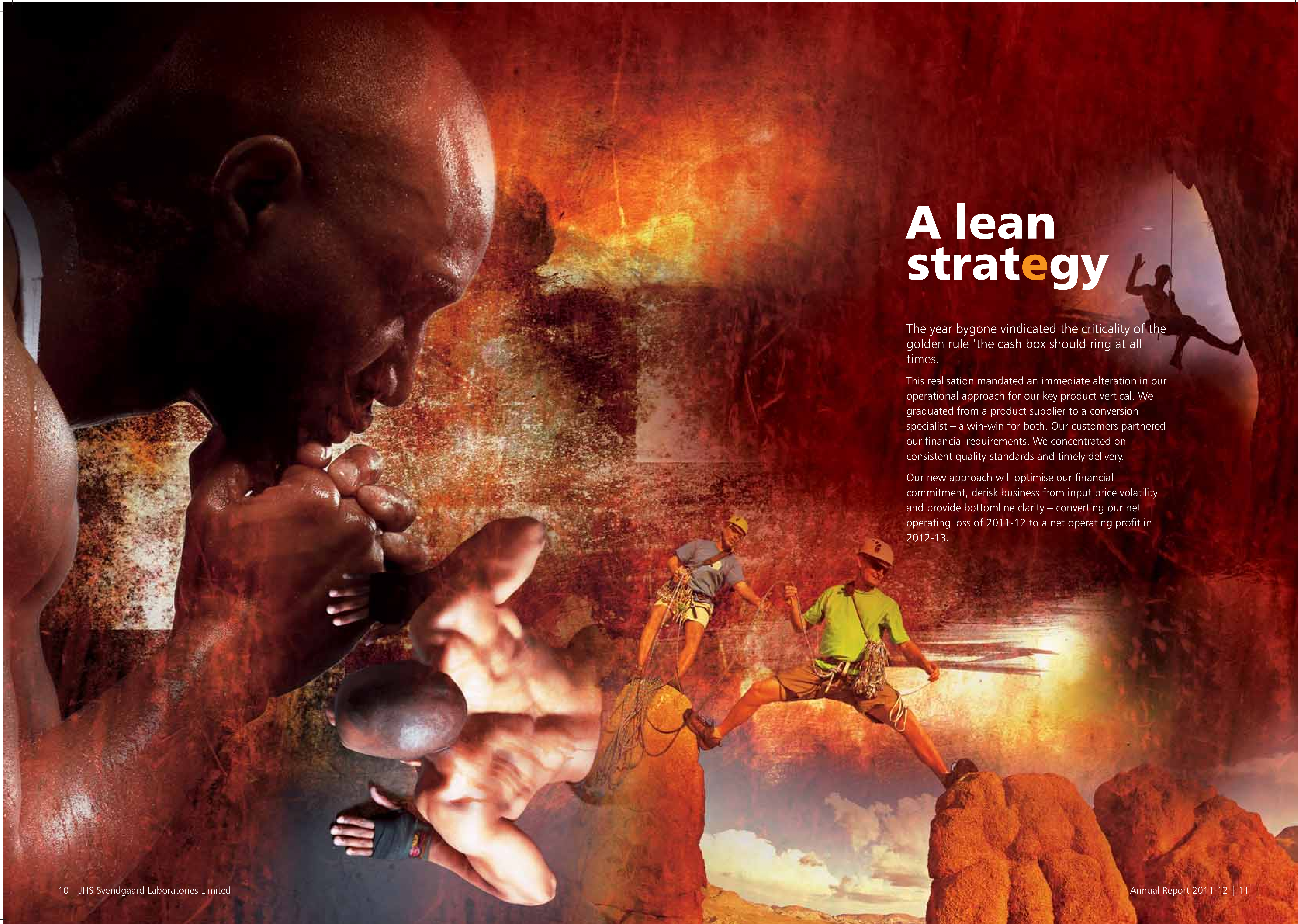


A focused approach

Fiscal 2011-12 highlighted conventional wisdom largely forgotten – 'Business generation only gets you in the game; quality business accretion sustains your growth momentum.'

In keeping with this approach, we resolved to cater primarily to the best in the business – four clients. They include the world's largest FMCG brand, India's leading oral care brands, a global Multi-Level marketing brand and a leading US oral care brand.

We expect these business relations to account increase the capacity utilisation of our toothbrush unit over the medium term

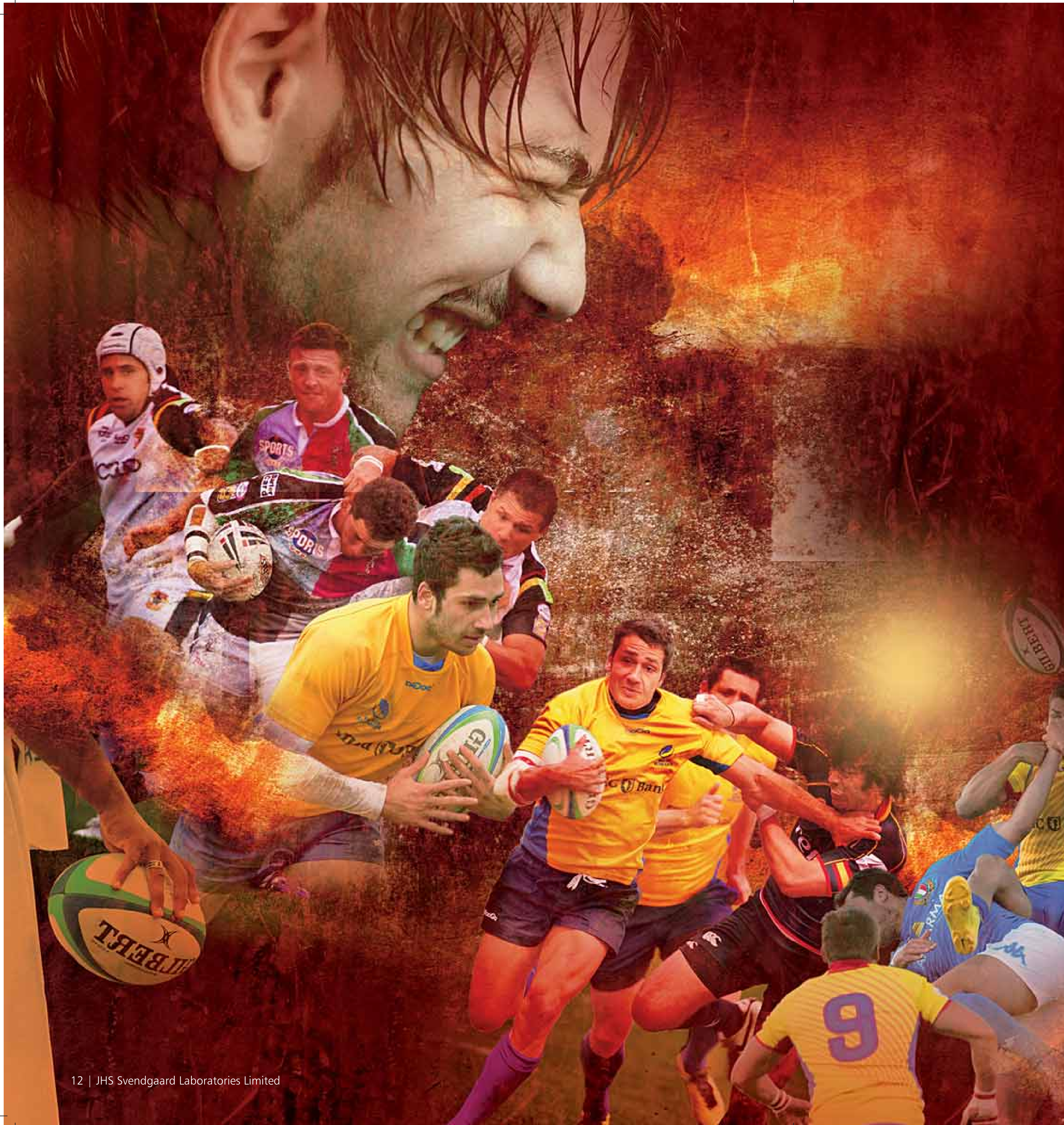


A lean strategy

The year bygone vindicated the criticality of the golden rule ‘the cash box should ring at all times.

This realisation mandated an immediate alteration in our operational approach for our key product vertical. We graduated from a product supplier to a conversion specialist – a win-win for both. Our customers partnered our financial requirements. We concentrated on consistent quality-standards and timely delivery.

Our new approach will optimise our financial commitment, derisk business from input price volatility and provide bottomline clarity – converting our net operating loss of 2011-12 to a net operating profit in 2012-13.



A broad-based foundation

The previous 12 months has made it increasingly clear 'not to put all our eggs in one basket'.

We made definite progress in this direction. We streamlined our laundry unit's operations and achieved the label capacity by March 2012 and exceeded it thereafter. We ensured our presence at every global meet to showcase our capabilities which grew export business. We will commence our toothpaste facility in the current year.

Our organisational growth will be fuelled by multiple growth engines, also de-risking the business from a sectoral downturn.

From the Managing Directors' table

"We survived one of the most challenging years in living memory and this has strengthened our resolve to create a stable, secure and successful organisation."

Mr. Nikhil Nanda explains the blueprint of taking the Company out of the woods.

Dear shareholders,

Fiscal 2011-12 was the most challenging year in living memory as external adversities and some incorrect decisions resulted in an abysmal performance. On a consolidated basis our revenue declined by 0.85% to ₹ 126.60 crore and net profit collapsed to ₹ 1.11 crore against ₹ 12.21 crore in 2010-11; on a standalone basis we reported a ₹ 1.49 crore net loss – a first in the last five years.

On the external front, high inflation press drove input prices northwards which could not be completely passed on to our customers. Internally, we went wrong in the selection of our customers for our toothbrush vertical – the key business driver of the Company. We oversold to some customers from whom the fund inflow suddenly stopped resulting in sticky receivable balances. It dried organisational liquidity. The resultant business instability impacted business relations with other clients. They significantly curtailed offtake from the original agreed volumes.

But all was not lost. We did have something to cheer about and this motivated us to pull through the darkest hours of our business history.

- We endorsed an agreement with India's leading oral care brand which over the medium term could transform into large volumes driving business growth.
- We stabilised the operations of laundry unit to reach 100% of label capacity by March 2012. The unit's performance overshot the budgeted estimates. More importantly, in the first quarter of the current year, we operated at 20% higher than the rated capacity.
- TANO MAURITIUS INDIA FVCI invested ₹ 24.44 crore (2500000 equity shares at ₹ 97.75 per share) in our Company during April 2011.
- Our export business recorded a robust growth adding ₹ 20 crore to our topline. This was sweet success for the team's painstaking efforts in ensuring our presence at major global trade shows.

The survival strategy

Shareholders would be keen to know how we would steer the Company out of the woods to a stable and secure position.

We have taken some important steps to streamline our toothbrush operations

First, we will primarily focus our energies to meet the requirement of large and globally-respected clients. They provide large volumes which allow us to operate our plants at optimum utilisation. Being MNCs, the probability of them turning belly up is very remote; it provides stability to our business.

Second, we are moving from a product delivery model to a conversion model. Our clients will provide key inputs and provide financial support for purchase of moulds. This transformation promises important benefits to the Company:

- De-risks the Company from input price variations
- Optimises work-capital requirement allowing us to focus primarily on product quality and timely delivery
- Provides clear visibility on business profitability

Interestingly, most of our preferred clients have agreed to this new arrangement. This is because we provide them an unmatched value-proposition – impeccable quality and location advantage provide sizeable saving allowing them to successfully compete in the market clutter.

This conversion has started yielded benefits. An important global oral care brand has already doubled their toothbrush requirement for the current year over the 2011-12 offtake. We are confident that these alterations will allow us to achieve a high capacity utilisation in the current year. Besides, our new alliances of 2011-12 should generate sizeable business in the current year shoring volumes.

The laundry products unit is operating at higher than label capacity largely due to the intelligent tweaking of operating parameters by our operations team. We hope to maintain the

2012-13 will mark an important milestone for the Company as all its investments of earlier year will start generating returns.

same pace in the current year accelerating business profits.

Having successfully cleared the accelerated stability tests, we hope to start our new toothpaste unit in the 3rd quarter of 2012-13 and thus contribute to the business growth.

2012-13 will mark an important milestone for the Company as all its investments of earlier year will start generating returns. We will utilise the operating profits in cleaning the financial statements of sticky assets and reducing our financial leverage strengthening our financial statement and the intrinsic value of the enterprise.

Message to shareholders

The darkest hours of the night are over. This year will be the dawn of a new regime where we will work to build the foundation for a stable and secure organisation readying for the big leap in 2013-14. You will be the proud owner of a Company which is the true brand behind global and Indian FMCG brands.

Acknowledgements

I express my appreciation for your invaluable support and the confidence reposed in us. Your abiding trust and encouragement will go a long way in taking the Company to greater heights. I also take this opportunity to place on record my sincere appreciation for the tireless effort, spirit of dedication and priceless contribution of the entire JHS team. I express my gratitude for the assistance, co-operation and support extended to the Company by our business partners, bankers, financial institutions, officials of central and state governments and vendors. I will not be fulfilling my duties unless I thank all the members of the Board for providing necessary guidance from time to time and successfully steering your Company through choppy waters.

Regards

Nikhil Nanda

Managing Director and CEO

Our competitive advantage

17 Experience (in years) in manufacturing oral care products

10 Marquee clients comprising reputed FMCG brands (global and Indian).

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

10 A strong R&D team facilitating the development of first-time products for leading FMCG clients

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

De-risking the business

The Company's system-based approach to manage business risks comprises centrally issued policies and divisionally-evolved procedures to ensure that business risks are effectively addressed. The Company's senior management periodically reviews the risk management framework to maintain its contemporariness and effectiveness to address emerging challenges of an increasingly dynamic business environment.

1. Execution risk

The Company's inability to meet the demanding expectations of global and large domestic FMCG brands could severely impact its performance.

De-risking approach

The Company's transformed business approach of operating as a conversion partner for most of its key clients in all business verticals will allow it to focus on timely delivery of assured volumes growing customer confidence. The strategy has delivered superior results for the laundry product unit where production volumes scaled from 20,133 tonnes in April 2011 to 56,715 tonnes in March 2012. In the toothbrush vertical, some key clients have upped their desired business volumes for the current year in view of the altered approach.

2. Client attrition risk

Some clients are setting up independent units in India which could lead to customer attrition over the medium term.

De-risking approach

The Company's location-advantage of presence in a tax haven with large capacities allows it to provide an unmatched value proposition to its clients strengthening their business growth.

The government imposed the sunset clause (regulation) that fiscal sops would not be available to units in tax havens that commenced operations post March 31, 2010. The result is that JHS possesses the only facility in tax-free zones during the sunset period with a large capacity to service growing demand with an extended period of fiscal benefits (upto March 2020)

Further, in January 2011, the government clarified that units already working in those areas before March 31, 2010 can undertake expansions in products being manufactured. This means that the Company can enjoy tax benefits for nine years (upto March 2020) for any capacity increase. The Company has invested in a 5.17-acre land parcel adjacent to its existing facility which would be suitably utilised over the medium term.

3. Product quality risk

Inconsistent product quality would tarnish the brand of large FMCG players impacting the Company's business volumes and sustainability.

De-risking approach

For the Company, impeccable quality is a way because it is present in the oral care product segment where stringent product quality is the only sustain business stability and growth.

The Company has invested in globally sourced, best in class equipment at all its operating units, where automation has replaced human intervention – leading to consistent product quality with each batch. In addition, the Company benchmarked its operating processes to match exacting USFDA standards, enabling it to partner global FMCG brands. The result of its effort is reflected in two realities – growing exports, increasing volumes with existing global players and partnering new MNCs in the oral care space.

4. Funding risk

Paucity of adequate low cost funds could impact the Company's ability in delivering growing business volumes.

De-risking approach

The Company has altered its business model to optimise the working capital requirement which has been accepted by its key clients; this will also enhance free operating cash flow. The operations of the laundry unit at full capacity in the current year promises to improve cash inflow.

In 2011-12, the Company received ₹ 29.33 crore from its promoters and from a private investment company which would provide adequate funds to manage business operations. Besides, the Company is focusing on maximising returns from its earlier investments; its capex being a minimal ₹ 4.50 crore which will be funded from internal accruals without exerting pressure on organisational liquidity.

In addition, a low debt-equity ratio at 0.57 (March 31, 2012) allows the Company to leverage the strength of its financial statements for garnering external funds.

Statutory
section

Notice

To the Members,

NOTICE is hereby given that the Eighth Annual General Meeting of the Members of **JHS Svendgaard Laboratories Limited** will be held on **Thursday, September 06, 2012 at 10.00 a.m.** at the Registered Office of the Company at Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District Sirmour, Himachal Pradesh, Pin - 173030 to transact the following business:-

Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended on March 31, 2012 and Balance Sheet for the year ended on that date, together with the Directors' Report & Auditors Report thereon.
2. To appoint a Director in place of Mr. P.Vanamali who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Chhotu Ram Sharma who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification (s), the following resolution for appointment and fixation of the remuneration for the Statutory Auditors for the Financial Year 2012-2013 as Ordinary Resolution:

   RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act 1956 M/s Haribhakti & Co., Chartered Accountants (Firm Registration No. 103523W), be and is hereby re-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:

5. To regularise the appointment of Mr. Rakesh Sharma, Additional Director and to move the following resolution as an Ordinary Resolution: -

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

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

6. **To consider and if thought fit, to pass, with or without modifications the following resolution as Special Resolution:**

   "Resolved that pursuant to the provisions of Section 198,269 and 309 read with the Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 or any amendment or modification thereof, Articles of Association of the Company, as may be required, the consent of the members be and is hereby accorded its approval for the revision and increase in remuneration payable to Mr. Nikhil Nanda, Managing Director upto ₹2,00,000 for a period of three year w.e.f 01st of September 2011 till 31st August 2014 on the terms and conditions as set out in the explanatory statement attached to the notice.

   "Further resolved That the Board of Directors of the Company and Remuneration Committee be and is hereby authorized to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any statutory modifications thereof, in such manner as may be agreed to by the Board of Directors and Mr. Nikhil Nanda.

"**FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings, as may be required and to delegate all or any of its power herein conferred to any committee of Directors or to any director or to any employee of the Company to give effect to the aforesaid resolution."

NOTES:-

- An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to the special businesses to be transacted at the meeting is annexed hereto.
- A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing a proxy as per the format in the Annual Report should, however, be deposited at the registered office of the Company not later than 48 (forty eight) hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies, partnership firm, etc. must be supported by appropriate resolution / authority, as applicable, issued by the member of organization.
- All Directors of the Company except Mr. Nikhil Nanda, and Mr. Piyush Goenka, are Rotational Directors in lieu of Section 255, 256 of the Companies Act, 1956 and one-third of the total of Rotational Directors, retire every year and, if eligible, offer themselves for re-appointment at the Annual General Meeting.
- The Register of Members and Share Transfer Register of the Company shall remain closed from September 2, 2011 to September 06, 2012 (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).
- The communication address of our Registrar and Share Transfer Agent (RTA) is Link Intime India Private Limited A-40, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi - 110028.
- For proper conduct of the Annual General Meeting, Members/Proxies should fill the attendance slip for attending the Meeting. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the venue. Member who hold share(s) in electronic form are requested to write their DP ID and Client ID number and those who hold share(s) in physical form are requested to write their folio number in attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
- Members are advised to refer to the information for communication provided in the Annual Report.
- The Members desirous of any information on the Accounts are requested to write to the Company atleast a week before the meeting so as to enable the management keep the desired information ready.
- Details of Directors who are proposed to be appointed/ reappointed at the ensuing Annual General Meeting, as required under Clause 49 of the Listing Agreement, are as under:-

Name of Director	Vanamali Polavoram	Chhotu Ram Sharma	Rakesh Sharma
Date of Birth	24th September, 1946	13th November, 1942	25th August, 1966
Brief Resume	Mr. P. Vanamali, Independent Director, (IAS Retired) aged 66 years, is a MA (English), MA (Political Science) MBA. He retired as Resident Commissioner, Government of West Bengal. He worked with the State Government of West Bengal and Government of India in various positions. He has administrative experience of over 30 years to his credit.	Mr. C. R. Sharma aged 69 years, a graduate from Delhi University, a banker by profession has experience of over 45 years in the Banking industry. He started his career with Citi Bank, then known as First National Bank of New York in 1964 after serving there for 13 years he joined Oriental Bank of Commerce in 1978 and worked in the various capacities for over 23 years. He assumed charge as Executive Director of Andhra Bank upon appointment by the Government in 2000 and served for about two years. In 2002 took charge as Managing Director and CEO of the than Bank of Punjab Ltd, (private sector Bank) where he continued till the merger of the bank with Centurion Bank of Punjab in October 2005. Mr Sharma was reappointed with the merged bank as Senior Advisor to the MD/CEO where he continued till March 2008. Mr. Sharma is now managing his own consultancy work besides Independent director and Advisor in some other companies. During 2002 to 2004 he was a member of the Managing Committee of Indian Bank Association representing private sector banks. During long service with foreign ,public and private sector banks, widely travelled and have attend several prestigious seminars, training course including Citibank's training college at Lebanon, and at the University of Washington, Seattle USA for two months each respectively. Mr. C.R. Sharma possesses a wide ranging experience and knowledge of banking and finance having been associated with the reputed banks.	Mr. Rakesh Sharma, Independent Director, aged 45 years of age is a pioneered consultant and service provider in the field of export and import. He is having more than 20 years of experience and is involved in to providing expert guidance for the import and export of goods, liassioning with Director General of Foreign Trade (DGFT) on the matters related to Foreign Trade Policy etc. His expert guidance for our company is highly appreciable.
Date of Appointment	02nd February, 2007	14th November, 2011	11th February, 2012
Expertise in specific Functional Area	Technical Guidance in Administration	Financial Guidance in Company Operations	Guidance Related to Import and Export of Goods and Materials.
Qualifications	IAS, MA (English), MA (Political Science), MBA	Graduate from Delhi University	Graduate from Delhi University

Name of Director	Vanamali Polavoram	Chhotu Ram Sharma	Rakesh Sharma
Directorship held in other public Companies	GTFS Multi Services Limited	Sterling Tools Limited (Listed on Bombay Stock Exchange and National Stock Exchange) PNC Infratech Limited (Unlisted Company) Daawat Foods Limited(Unlisted Company)	N.A
Membership/chairmanship of other public companies	Nil	Chairman Audit Committee PNC Infratech Limited (Unlisted Company)	Nil
Shareholding in the Company	Nil	Nil	Nil

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

Sd/-
Tarun Chhabra
(Company Secretary)

Place: New Delhi
Date: 26th May, 2012

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

ITEM NO. 6

Confirmation of Mr. Rakesh Sharma

Mr. Rakesh Sharma has been appointed as an Additional Director of the Company pursuant to resolution passed at the Board Meeting held on 11th February, 2012. Pursuant to Section 260 of the Companies Act, 1956, the term of Office of Mr. Rakesh Sharma shall expire at the ensuing Annual General Meeting of the Company. As per Section 257 of the said Act, notice has been received from Mr. Rakesh Sharma along with deposit of ₹ 500/- signifying his intention to propose himself as a candidate for the office of Director. The copy of relevant resolution of the Board with respect to his appointment is available for inspection by Members at the Registered Office of the Company during business hours on any working day till the date of the forthcoming Annual General Meeting.

None of the Directors is interested or connected in this Ordinary Resolution except Mr. Rakesh Sharma The Board recommends the Ordinary resolution for the approval of the Members.

ITEM NO. 7

At the Board Meeting held on 17th April 2010, the Board members had approved the appointment and remuneration of Mr. Nikhil Nanda for a period of five years, effective from April 18, 2010 to April 17, 2015.Under the leadership of Mr. Nikhil Nanda, the Company has recorded all round growth in its business. Seeking the contribution of Mr. Nikhil Nanda and the profits of the Company for the financial year ended 31st March 2011, members had approved the increase in the remuneration of Mr. Nikhil Nanda upto ₹ two Lac per month, by passing the requisite Special resolution in the Extra Ordinary General Meeting.

However in the financial year ending 2012 the Company has suffered loss of ₹ 14,155,388, but considering the participation of Mr. Nikhil Nanda the Board members have proposed to again seek your approval for this increased remuneration of upto ₹ 2 Lac per month as per the current financial scenario.

The Board hereby further informs that the approval of the aforesaid resolution will surpass the earlier resolution passed for the increased remuneration of Nikhil Nanda. Further Considering the loss in this financial year the Board has recommended the increase of remuneration for a limited time period of three years w.e.f 01st September 2011 to 31st August 2014.

The increase in remuneration of Ms. Nikhil Nanda shall be as under:

The total remuneration shall not exceed ₹ 2 Lakh per month inclusive of Salary and other benefits.

The aggregate of the remuneration as specified above which the Board in its absolute discretion pay to the Managing Director from time to time, shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force.

The remuneration payable to Mr. Nikhil Nanda shall be determined by the Remuneration Committee of the Board and approved by the Board from time to time within, the maximum limit prescribed under Schedule XIII of the Companies Act, 1956

I. GENERAL INFORMATION

1. Nature of Industry:

JHS Svendgaard Laboratories Limited is engaged in the Fast Moving Consumer Goods (FMCG) Industry manufacturing and dealing in Oral Hygiene Care products. The Company is manufacturing and exporting the Oral Care Products since 2004.

2. Date of Commencement of Commercial Production:

The company was incorporated as Public company limited by shares on 08th October 2004. The Company has obtained his certificate for commencement of business on 6th September 2005.

3. Financial Performance of the Company

The Financial Performance of the Company for the year 2010 – 2011 is as follows:

(₹ in Lacs)

Financial performance based on given indicators	Liabilities (1)	2011-12 (2)	2010-11 (3)	Assets (4)	2011-12 (5)	2010-11 (6)
	Share Capital	1755.00	1455.00	Fixed Assets including WIP	7633.70	5787.19
	Reserves and Surplus	8232.52	6162.72	Investments	45.13	15.88
	Share application money	-	-	Current Assets	9490.72	6868.33
	Secured Loans	5867.57	3705.80	Loans and Advances	3575.31	1998.44
	Unsecured Loans	97.78	430.00	Deferred Tax Assets (Net)	0	27.75
	Current Liabilities and Provisions	4560.72	2944.07	Miscellaneous Expenditure		
	Deferred Tax Liability Net)	231.27		Profit and Loss Account	0	0
	Total	20744.86	14697.59	Total	20744.86	14697.59
Export performance and net foreign exchange collaborations	The company has been constantly improving its export opportunities. The FOB value of Exports during the financial year 2011-12 was ₹ 289,091,086 and in the current financial year (2012-2013) the company is expected to further improve its export by adding more international business.					
Foreign investments or collaborations, if any	The Company has received foreign investments of 48,875,000 (Four Crore Eighty Eight Lakh Seventy Five Thousand) from TANO MAURITIUS in the form of 500000 (Five Lakh) equity shares of ₹ 10 each allotted @ ₹ 97.75					

The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms and memorandum of the contract with Mr. Nikhil Nanda, Managing director which is required to be sent to every member pursuant to Section 302 of the Companies Act, 1956.

II. Information about MR. Nikhil Nanda

1. Background details, Recognition or awards:

Mr. Nikhil Nanda, 40 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. Since 1996, Mr. Nanda has been actively involved in the day-to-day activities of his family owned oral care business, namely SSL, SOC (since 2002) and JHE (since 2003) respectively. Before joining the family business in 1996, Mr.

Nanda was associated with Gillette India Limited (formerly known as Indian Shaving Products Limited as a summer trainee during May 1995 to August 1995, as a part of the management course he was pursuing with FORE School of Management. Mr. Nanda had 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 of proprietorship concerns to corporatisation of the same.

2. Job Profile & his Suitability

Mr. Nikhil Nanda is responsible for overall day to day management of the Company under the supervision and control of the Board of Directors of the Company. The Company has undergone various expansion projects, which require review of operations and decision-making on day-to-day basis and the Company would be benefited by his mature and expert advice.

Mr. Nikhil Nanda was part of the founders that started the Company and associated with JHS Svendgaard laboratories limited since 2004. Since the commencement of the business, he has headed various responsibilities for the business viz. being in the position of Managing Director of the Company

Mr. Nikhil Nanda has been instrumental in the growth of the company and getting the company listed on Bombay stock exchange and National stock exchange on 21st Oct 2006. 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. His achievement includes exploring international markets for the Company's growth and is lead source of product development

3. Past remuneration of the proposed Appointee

Mr. Nikhil Nanda before the effective period of this proposal (resolution) was drawing a remuneration of Basic Salary of ₹ 100000/- p.m. inclusive of all benefits.

During his current tenure as Managing Director he is responsible for overall business operations of the Company. He has effectively managed entire business operations, brought efficiency in managing inventory, working capital requirements and managing exports of the Company.

He is the brain behind the Company's positioning as the preferred manufacturing partner with global brands. At the helm of affairs, he is responsible for drawing the company's strategic blueprint, investment plans, market orientation and customer relations and is the lead source for lateral growth initiatives.

4. Remuneration Proposed

Keeping in view his responsibilities and role in the development of the Company, the proposed remuneration would comprise of maximum monthly salary of ₹ 200,000/- (Rupees Two Lac Only). The Board however may, in its discretion, revise/modify any of the terms from time to time, within the specified limits.

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

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

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

6. Pecuniary relationship, directly or indirectly, with the Company or relationship with the managerial personnel, if any

Besides the receipt of remuneration in the capacity of Managing Director, Mr. Nikhil Nanda is having the following pecuniary relationship with the Company:

Transaction (Financial year 2011-2012)	Amount
Receipt of Rent on account of ownership of Mr. Nikhil Nanda for the premises of the Corporate Office, of the Company situated at B-1/E 23, Mohan Co-operative Industrial Area, Mathura Road New Delhi – 110044.	13,23,600

III. Other Information

Reasons of loss or inadequate profits

Despite of the projection for profit this year the Company has suffered a loss attributed to the increased cost of raw materials, cost of finance and other increased cost on account of inflation due to the depreciated value of rupee in the economy. Moreover there has been intense competition in the market where similar products are available at comparatively low price on account of which the Company cannot increase the price of its final products.

Steps Taken or Proposed to be taken for Improvement

The company is working to Increase its Customer base and to enhance its areas of operations in the domestic as well as international market. The Company is placing efforts to increase its exports and to increase its market on the basis of its brand. In its efforts the Free on Board value of exports of the Company has been increased to ₹ 289 Mn from the existing ₹ 195 Mn.

Your Directors commend the resolution for your approval.

Except Mr. Nikhil Nanda, none of the other directors are in any way concerned or interested in the resolution. The Board of Directors recommends the passing of the said resolution.

IMPORTANT COMMUNICATION TO MEMBERS

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

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

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

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

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

Sd/-
Tarun Chhabra
(Company Secretary)

Place: New Delhi
Date: 26th May, 2012

Directors' report

Dear Shareholders,

To the Members of Jhs Svendgaard Laboratories Limited

Your Directors are pleased to present Eight Annual Report and the Statements of Accounts for the financial year ended on March 31, 2012.

Financial Performance Summary:

The Financial highlights of the Company are given below: -

(Amount in ₹ Lac)

Particulars	Standalone 31.03.2012	Standalone 31.03.2011	Consolidated 31.03.2012	Consolidated 31.03.2011
Net Sales/Income from Operations	9,280.20	8,541.46	12,660.20	12,769.54
Other Income	83.27	165.48	86.06	165.68
Interest & Finance Charges	610.80	352.90	611.45	353.34
Depreciation	736.58	693.93	737.45	695.39
Profit (Loss) before Tax	(149.20)	757.22	325.68	1,373.87
Provision for Tax	214.85	155.87	214.85	152.89
Profit (loss) after Tax	(364.05)	601.35	110.84	1,220.99
Profit (loss) to be carried to the Balance Sheet	(364.05)	452 .15	110.84	1,071.78
Paid up Equity Share Capital (Face Value of ₹ 10/- each)	1,755.00	1,455.00	1,755.00	1,455.00
Reserves excluding revaluation reserves	6,519.88	4,113.03	6,691.70	4,109.65
Basic EPS (in Rupees not annualised)	(2.15)	4.14	0.66	8.41
Diluted EPS (in Rupees not annualised)	(2.15)	4.14	0.65	8.41

Dividend

Considering the Company's financial performance, the Directors have not recommended any dividend for the financial year ended on March 31, 2012

Scheme of Amalgamation

The Board of Directors of your Company at its Board Meeting held on July 07, 2010, had considered and approved the Scheme of Amalgamation of the JHS Svendgaard Hygiene Products Limited (Transferor Company), Waves Hygiene Products (Transferor Firm) with your Company. Accordingly, the Scheme of Amalgamation of M/s JHS Svendgaard Hygiene Products Limited and M/s Waves Hygiene Products (a Partnership Firm) with M/s JHS Svendgaard Laboratories Limited had been approved by the Delhi High Court on 30th August, 2011 and the Shimla High Court is also likely to approve the same very soon.

As per the Scheme of Amalgamation, all the assets and liabilities of JHS Svendgaard Hygiene Products Limited (Transferor Company) and Waves Hygiene Products (Transferor Firm) will be transferred to your Company with effect from appointed date i.e. 31st March, 2010.

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

Increase in Share Capital

The Board of Director of your company has issued and allotted the 25,00,000 (Twenty Five Lac) Equity Shares to Tano Mauritius India FVCI at a price of Rupees 97.75/- (including a premium of Rupees 87.75/-) per equity shares at its Board Meeting held on 22nd April , 2011 and 5,00,000 (Five Lac) Equity Shares to Mr.Nikhil Nanda (the person belonging to promoter family) at a price of Rupees 97.75/- (including a premium of Rupees 87.75/-) per equity shares at its Board Meeting held on 31st March, 2012.

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 ₹ 9280.20 Lac as compared to ₹ 8541.46 Lac in the previous year. However The Net Profit (after tax) has decreased from ₹601.34 Lac to a loss of ₹ 364.04 Lac.

Employee Stock Option Plan 2008

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

Certificate From Auditor

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

Recognition/Award

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

Directors

Appointments/ Re-appointment:

The Board of Director has appointed Mr. Rakesh Sharma as an Additional Director at its Board Meeting held on 11th February, 2012. Pursuant to Section 260 of the Companies Act, 1956, Mr. Rakesh Sharma holds the office only up to the date of the ensuing Annual General Meeting of the Company and is eligible for appointment as a Director. The Company has received a notice under section 257 of the Companies Act, 1956 proposing the appointment of Mr. Rakesh Sharma Sharma as a Director of the Company who will be liable to retire by rotation.

Mr. Chhotu Ram Sharma, Director of the Company, liable to retire by rotation at the forthcoming Annual General Meeting on 06th September, 2012 and being eligible, offer himself for re-appointment.

Mr. Vanamali Polavaram, Director of the Company, liable to retire by rotation at the forthcoming Annual General Meeting on 06th September, 2012 and being eligible, offer himself for re-appointment.

Necessary resolutions for appointment of Mr.Rakesh Sharma and re-appointment of Mr. Chhotu Ram Sharma and Mr. Vanamali Polavaram on 06th September, 2012 are being included in the notice convening Annual General Meeting.

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

Auditors

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

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

The Auditor's have put certain qualifications to which the management has put forward the following below mentioned replies;

Qualification and response to Auditor's Report

a. The company has engaged in manufacturing hygiene product i.e. Odonil, which is not specifically covered by object clause of Memorandum of Association

   In this reference the Board hereby submits that as per their opinion manufacturing of hygiene product Odonil is within the ambit of the main objects of the Company defined under clause III (A) (2).Secondly also the Merger of JHS Svendgaard Laboratories Limited with JHS Svendgaard Hygiene Products Limited has been approved by Delhi High Court and the same is also likely to be approved by Shimla High Court very soon. The object clause of JHS Svendgaard Hygiene Products Limited specifically includes the manufacturing of Hygiene Products.

b. The Company has maintained records showing quantitative details of fixed assets except for the complete particulars, identification and situation of fixed assets.

   In this reference the Board hereby submits that the company has taken note of the same and the Company has updated its fixed assets register with reference of the Particulars, identification and situation of the fixed assets.

c. The Company has a policy of physically verifying fixed assets according to a phased program to cover all the items over all a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. The fixed assets were physically verified during the current year. *However, the process of physical verification needs to be strengthened to include proper instructions and reconciliation with the fixed assets register*

   The Board Members have taken note of the same and members had already initiated the steps to strengthen the process of Physical verification and establish a defined process for reconciliation with fixed assets register.

d. 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. *However, the process of physical verification needs to be further strengthened.*

   The Board Members have taken note of the same and members had already initiated the steps to strengthen the process of Physical verification and establish a defined process for physical verification of Inventory.

e. The Company has granted unsecured loan amounting to 40,030,000 to a party covered in the register maintained under section 301 of the Companies Act, 1956. In respect of the above loan, the principal is not yet due for receipt as per the terms of agreement. *However, since the terms of receipt of interest are not stipulated, we are unable to comment on the regularity of the same.*

   The Board hereby submits that the loan has been granted as per terms of commercial arrangement and interest has also been provided adequately

f. The Company has taken loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is ₹58,763,775 and the year-end balance of loans is 9,777,614. In the absence of any agreement with the above said parties, we are unable to comment on the regularity of repayment of principal amounts and interest thereon.

   Also whether the rate of interest and other terms and conditions for such loans are prima facie, prejudicial to the interest of the Company

   In this reference, the Board has submitted that the loan has been granted as per terms of commercial arrangement and interest has also been provided adequately

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

   The Board Members have taken note of the same and members had already initiated the steps to strengthen the system of internal control and establish a defined process to overcome the weakness in respect to purchase of fixed assets and sale of goods.

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

   In this reference the Board hereby submits that such non-deposit of due was unintentional and the Company is in the process of depositing such dues. The Board hereby submits that that your company is likely to avoid this for the time to come

i. According to the information and explanations provided to us, the Company has provided corporate guarantees amounting ₹134,314,729 to ICICI Bank Limited for loans taken by JHS Svendgaard Hygiene Products Limited. Amalgamation with these entities was approved by the Board vide its meeting dated July 7, 2010. Pending amalgamation approvals from Honourable High Court we are unable to comment, whether the terms and conditions of guarantees given by the company, are prejudicial or not to the interest of the company.

   The Merger of JHS Svendgaard Laboratories Limited with JHS Svendgaard Hygiene Products Limited has been approved by Delhi High Court and the same is also likely to be approved by Shimla High Court very soon. Once this merger is approved the object clause will get regularized

Listing:

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

Subsidiary Companies:

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

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

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, 2012, the Directors' report that: -

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

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

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

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

Industrial Relations

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

As on March 31, 2012, in all there were 292 employees on the roll of the Company. Out of these, 77 were at the executive level and the remaining 215 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.

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

Sd/-	Sd/-
(Nikhil Nanda)	(Rakesh Sharma)
Managing Director	*Director*
DIN- 00051501	DIN- 05202265

Place: New Delhi
Date: 26th May 2012

Corporate Governance report

Company's Philosophy on Code of Governance

Your Company firmly believes that Good Corporate Governance in any organization needs to be principle-based as well as simple, moral, accountable, responsive and transparent (SMART). The philosophy of the Company is to attain the highest standards of Corporate Governance by ensuring transparency in all its actions & operations and to maximize values of its stakeholders. The Company fully complies with all the provisions and stipulations laid down in the guidelines on the corporate governance as provided in Clause 49 of the Listing Agreements with the Stock Exchanges. This philosophy of the Company would ensure that it follows highest standards of professionalism, integrity, accountability, fairness, transparency, social responsiveness and best business practices.

Board of Directors

Present Strength of the Board of Directors of your Company is seven members. Directors have expertise in diversified field's viz. Business Planning, Production Planning, Sales & Marketing, Human Resources etc. The executive directors provide a vision, strategic guidance and leadership to the professional managers while Independent Board members review the periodical financial results, performance of operations of the Company, Internal Control System, etc.

The composition of the Board is in conformity with the provisions of Clause-49 of the Listing Agreement. Shri Daljit Singh Grewal is the Chairman of the Board. The Board of Directors of the Company consists of one Promoter-Executive Director, one Promoter-Non-Executive, one Nominee Director of Equity Investor and Four Independent Non-Executive Directors.

The details of Composition of Board, Category of Directors as well as their Directorship in other Companies are distributed in advance in all the Board Meetings:

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

Recording Minutes of proceedings at Board and Committee meetings

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

Post meeting follow-up mechanism

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

Composition of the Board:

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

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

Name of Director	Category	Board Meetings attended	Attendance at the Last AGM	Directorship in other Cos.	Committee positions held in other Cos.	
					Chairman	Member
D. S. Grewal	Chairman (Non- Executive)	9	Yes	Nil	Nil	Nil
Nikhil Nanda	Managing Director	18	No	6	Nil	Nil
*G.K. Nanda	Whole-time Director	17	Yes	Nil	Nil	Nil
P Vanamali	Independent Director	18	Yes	1	Nil	Nil
*Mukul Pathak	Independent Director	16	Yes	Nil	Nil	Nil
*Guninder Bhalla	Independent Director	3	NA	3	Nil	Nil
*Chottu Ram Sharma	Independent Director	2	No	4	Nil	Nil
* Amarjit Singh	Independent Director	0	No	4	Nil	Nil
*Piyush Goenka	Non-Executive Director	4	No	2	Nil	Nil
*Prasun Trivedi	Independent Director	1	NA	2	Nil	Nil
*Rakesh Sharma	Independent Director	1	NA	–	Nil	Nil

* *Mr. Gopal Krishan Nanda has been resigned as Whole time Director w.e.f. 23rd March, 2012*
* *Mr. Mukul Pathak has been resigned as Independent Director w.e.f 11th February, 2012*
* *Mr. Guninder Bhalla has resigned as Independent Director w.e.f. 14th May, 2011*
* *Mr. Chottu Ram Sharma has been appointed as Independent Director w.e.f. 14th November, 2011*
* *Mr. Amarjit Singh has been appointed as Independent Director w.e.f. 14th November, 2011*
* *Mr. Piyush Goenka has been appointed as Non-Executive Director w.e.f. 14th May, 2011*
* *Mr. Prasun Trivedi has been resigned as Independent director w.e.f 14th November, 2011*
* *Mr. Rakesh Sharma has been appointed as Independent Director w.e,f. 11th February, 2012*

Mr.Rakesh Sharma succeeded Mr. Mukul Pathak in all the Directorships held by Mr. Mukul in all committees of the company

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 2011-12, total 18 (Eighteen) Board Meetings were held and gap between two meeting did not exceed four month. The date on which the said meetings were held are as follows:

April 22, 2011; April 25, 2011; May 03, 2011; May 14, 2011; July 04, 2011; August 11, 2011; August 20, 2011; August 30, 2011; September 06, 2011; September 26, 2011; November 14, 2011; November 28, 2011; December 02, 2011; December 05, 2011; December 07, 2011 January 07, 2012; February 11, 2012; March 31, 2012.

The necessary quorum was present for all the meeting.

Audit Committee

The constitution of the Audit Committee of the Board of Directors of the Company is in conformity with the provisions of section 292A of the Companies Act, 1956 read with the provisions of Clause-49 of the Listing Agreement with the Stock Exchanges, which consists of Shri Rakesh Sharma, who is the Chairman of the Committee, Shri Nikhil Nanda, Shri Vanamali Polavaram, as the members. Mr. Rakesh Sharma had succeeded Mr. Mukul Pathak who resigned from the Committee on 11.02.2012

The Audit Committee of the Company has been mandated with the same terms of reference specified in Clause 49 II of the Listing Agreement, as revised from time to time. These terms also fully conform to the requirements of section 292A of the Companies Act, 1956.

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

■ Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible information is disclosed.

■ Recommending to the Board, the appointment, re-appointment of the statutory auditor and the fixation of audit fees and also approval for the payment of any other services.

■ Discussion with the external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

■ Reviewing the financial statement and draft audit report, including the quarter/half- yearly financial information.

■ Reviewing with the management, the annual financial statement before submission to the Board focusing on:

- Any change in accounting policies and practices.
- Major accounting entries based on exercise of judgment by management.
- Qualification in draft audit report.
- Signification adjustment arising out of audit.
- The going concern assumption.
- Compliance with accounting standards
- Any related party transaction as per Accounting Standard 18

■ Reviewing the Company financial and risk management policies.

■ Reviewing the adequacy of internal audit function, including the audit charter, the structure of internal function department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

■ Discussion with internal auditor any significant finding and follow-up thereon.

■ Carrying out such other functions as may be specifically referred to the committee by the Board of Directors and/or other Committees of the Company.

The Audit Committee invites such of the executives, as it considers appropriate, representatives of the Statutory Auditors and representatives of the internal Auditors to be present at its meeting. The Company Secretary acts as the Secretary to the Audit Committee.

The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name of the Member	Designation	Chairman/ Member
Rakesh Sharma	Independent Director	Chairman
Nikhil Nanda	Managing Director	Member
Vanamali Polavaram	Independent Director	Member

During the year under review total 4 (four) meetings of Audit Committee were held on 14.05.2011, 11.08.2011, 14.11.2011, 11.02.2012. All the members of the committee were present in all the meetings and have sound financial and accounting knowledge.

The representative of the Statutory Auditors, the Internal Auditors, the Finance & Accounts Head and the Managing Directors usually attend the meetings of the Audit Committee.

Remuneration Committee

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

Name of the Member	Designation	Chairman/ Member
Rakesh Sharma	Independent Director	Chairman
Daljit Singh Grewal	Non- executive Director	Member
Vanamali Polavaram	Independent Director	Member

During the year under review one meeting of Remuneration Committee was held on 24.10.2011. All the members of the committee were present in the meeting and have sound financial and accounting knowledge. In the Board Meeting held on 11th February 2011 Mr. Rakesh Sharma succeeded Mr. Mukul Pathak as Chairman of the Committee.

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:

Terms of Appointment and Remuneration

The Managing Director is appointed for five years at the remuneration within the limit prescribe under Schedule XIII of the Companies Act 1956.

The Company is now proposing to the shareholders to approve the increase in remuneration of Mr. Nikhil Nanda, managing Director upto ₹ 2 Lakh as per the current financial scenario of the Company. The requisite details for the increase of remuneration are mentioned in the notice and explanatory statement forming part of this report.

Criteria of making payment to Non-executive Directors- 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 ₹26, 000/-. The Sitting fee paid to Non executive Directors is ₹500/- for attending per meeting.

Remuneration of Directors during the year under review

Name of the Director	Designation	Salary & Perquisites (₹)
Nikhil Nanda	Managing Director	19,18,658
G.K. Nanda	Whole time Director	1,20,000
Total		20,38,658

Salary includes basic salary, allowances, perquisites, contribution to provident fund and superannuation fund, sitting fees

Note: None of the directors are eligible for any severance pay and none of them hold any stock options as at March 31, 2012.

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
Rakesh Sharma	Director	Chairman
Daljit Singh Grewal	Chairman	Member

No Meeting was held during the Financial Year 2011-12. In the Board Meeting held on 11th February 2012 Mr. Rakesh Sharma succeeded Mr. Mukul Pathak as Chairman of the Committee

The Committee, inter alia, approves issue of duplicate certificate and oversees and reviews all matters connected with transfer of securities of your Company. The Committee also looks into redressal of shareholders complaints related to transfer of share, non-receipt of balance sheet, non-receipt of declared dividend, etc. This committee also approves/ rejects the applications for share transfers/transmission/duplicate/split/remat/consolidation etc. Company has received nil complaints from the shareholders during the Financial Year ending March 31, 2012.

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
Rakesh Sharma	Independent Director	Member
Vanamali Polavaram	Independent Director	Member

No Meeting was held during the Financial Year 2011-12. In the Board Meeting held on 11th February 2012 Mr. Rakesh Sharma succeeded Mr. Mukul Pathak as Chairman of the Committee

Shareholding of Directors in the Company as on 31.03.2012

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

S. No.	Name of the Director	Designation	Number of Shares	Shareholding (%)
1.	Daljit Singh Grewal	Chairman	1,500	0.009
2.	Nikhil Nanda	Managing Director	5,885,520	33.54
3.	Vanamali Polavaram	Independent Director	Nil	Nil
4.	Rakesh Sharma	Independent Director	Nil	Nil
5.	Chottu Ram Sharma	Independent Director	Nil	Nil
6.	Piyush Goenka	Non-Executive Director	Nil	Nil
7.	Amarjit Singh	Independent Director	Nil	Nil
	Total		58,87,020	33.549

None of the Non-executive Directors are holding any convertible instruments in 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.

Other Disclosure

Accounting Standards have been followed in preparation of financial statement of the Company for the year ended 31st March, 2012 and no accounting treatment different than prescribed accounting standards have been given.

A Disclosure of all related party transactions has been made in the notes to the accounts of the Balance Sheet forming part of the Annual Report.

There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large.

All mandatory requirements pursuant to clause 49 of the listing agreement have been complied with by the Company during the year.

No non-mandatory requirements adopted by the Company except Remuneration Committee has been constituted by the Company. The Company has constituted Remuneration Committee to recommend/review remuneration of the Managing Director based on their performance and defined assessment criteria.

Chief Executive Officer & General Manager (Accounts) Certification

Certificate from Mr. Nikhil Nanda, Managing Director of the Company and Mr. Ashish Goel Chief Financial Officer of the Company in terms of Clause 49 (V) of Listing Agreement for the financial year ended on 31st March, 2012 was placed before the Board of Directors of the Company in its meeting held on 26th May, 2012.

Compliance Officer

Mr. Anshu Kumar Chakravoarty, resigned as the Company Secretary & Compliance officer of the Company on 07th January 2012 and Mr. Tarun Chhabra has assumed the charge of Company Secretary and Compliance officer with effect from January 06, 2012.

Role of the Company Secretary in overall Governance process

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

Code of Conduct

The Code is derived from three essential and basic principles, which form the ingredient of a growing Company viz. Good Corporate Governance, Good Corporate Citizenship and Good Ethics. The Company has code of conduct applicable to Executives and Non-executives Directors as well as senior management personnel. All the board members and senior management of the Company have affirmed compliance with their respective code of conduct for the Financial Year ended on March 31, 2012. 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 analyzed investments made by the Company's non listed subsidiaries during the year.

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.

General Body Meetings

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

Year	Venue	Date	Time	Special Resolution
2010-11	Trilokpur Road, Kheri (Kala-Amb), Tehsil - Nahan, District Sirmour, Himachal Pradesh – 173030	31.12.2011	10.00 AM	No Special resolution passed
2009-10	Trilokpur Road, Kheri (Kala-Amb), Tehsil - Nahan, District Sirmour, Himachal Pradesh – 173030	28.12.2010 (Tuesday)	10.00 AM	Re-appointment of Mr. Nikhil Nanda as Managing Director of the Company for the period of five year. And Modification in the terms of exiting Employees Stock options scheme (ESOP)
2008-09	Trilokpur Road, Kheri (Kala-Amb), Tehsil - Nahan, District Sirmour, Himachal Pradesh – 173030	22.09.2009 (Tuesday)	2.00 PM	Issuance of 11,00,000 Warrants to Promoter and Non – Promoter Group.

During the financial year 2011-12, Pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolutions by Postal Ballots) Rules, 2001, Company has not passed any resolution by way of postal ballots.

ADDITIONAL SHAREHOLDER INFORMATION

Company's Website

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

Ensuing Annual General Meeting

■ Date of the AGM	:	Thursday, 06th September,2012
■ Time of the AGM	:	10.00 AM
■ Venue of the AGM	:	Trilokpur Road, Kheri (Kala-Amb), Tehsil-Nahan, District-Sirmour, Himachal Pradesh-173030

Book Closure

The books will be closed from 02nd September, 2012 to 06th September, 2012 (Both days inclusive) as annual book closure for the Annual General Meeting.

Listing on Stock Exchanges where the shares of the Company are listed

Stock Code	Stock Exchange
532771	Bombay Stock Exchange Limited
JHS	National Stock exchange of India Limited

Market Price Data

S. No.	Month	NSE		BSE	
		High	Low	High	Low
1.	April – 11	89.25	73.15	88.4	71.6
2.	May – 11	83.8	62	82	64.6
3.	June – 11	72.65	47.5	72.45	47.35
4.	July – 11	60.4	39.05	64.5	39.1
5.	August – 11	40.25	28	40.3	27.1
6.	September – 11	42	31.5	42.75	31.2
7.	October – 11	34.85	29.6	34.55	29.65
8.	November – 11	39.55	27	39.25	27.15
9.	December – 11	37.25	31.3	38.8	31.10
10.	January – 12	39.9	30.65	40.05	31.25
11.	February – 12	47.2	37	45.5	36.35
12.	March – 12	43.9	30.25	43.8	29.75

Shareholding Pattern as on 31st March 2012

Category	No of Shares	% of Holding
Promoters Shareholding	6197356	36.35
Non-promoters holding		
Mutual funds and UTI	361550	2.12
Banks, Financial Institutions, Insurance Companies, Clearing Member	347377	2.03
Foreign institutional investor	2693589	15.80
Bodies Corporate	1497944	8.79
India Public	5776305	33.88
Non resident Indians	175886	1.03
Grand Total	17050007	100

Pattern of Shareholding by Share Class as on March 31, 2012

Share holding of nominal value (₹)	Share Holders		Share Amount	
	Number	% to total	Shares	% to total
(1)	(2)	(3)	(4)	(5)
Upto 500	7149	79.4422	1177787	6.9078
501-1000	886	9.8455	718937	4.2166
1001-2000	420	4.6672	659131	3.8659
2001-3000	176	1.9558	450009	2.6393
3001-4000	83	0.9223	299132	1.7544
4001-5000	69	0.7668	325941	1.9117
5001-10000	102	1.335	750866	4.4039
10001 and above	114	1.2668	12668204	74.3003
Total	8999	100	17050007	100

Dematerialization of Shares

The equity shares of your company are under compulsory dematerialization mode as on March 31, 2012. The ISIN for the Equity Shares of the Company is INE544H01014

99.96% of shares of the Company is dematerialized as on March 31, 2012. Trading in Equity shares of the company is permitted only in demat mode.

The Equity shares of your company are frequently traded

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 1st April 2011 and concluding on 31st March 2012 in terms of Clause 49(I) (D) (ii) of the Listing Agreement with the Stock Exchanges.

For **JHS Svendgaard Laboratories Limited**

Sd/-
Nikhil Nanda
Managing Director

Place: New Delhi
Date: May 23, 2012

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
JHS Svendgaard Laboratories Limited
B-1/E-09, 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, 2012. 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 RMG & Associates
Company Secretaries

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

Place: New Delhi
Date: 23rd May, 2012

Management's discussion & analysis of performance

Industry Structure and Development

The Indian FMCG sector is the fourth largest in the Indian economy and has a market size of $13.1 billion. This industry primarily includes the production, distribution and marketing of consumer packaged goods, that is those categories of products which are consumed at regular intervals. The sector is growing at rapid pace with well-established distribution networks and intense competition between the organized and unorganized segments. It has a strong and competitive MNC presence across the entire value chain.

However the after effects of the global financial crisis of 2008 have continued to cast their shadow on the economies around the world even now. For India, the weak external demand conditions have been exacerbated by the high crude oil prices. Slow export growth and rising import bill have led to rising current account deficit. The area in which there has been relief is the decline in inflation rate from the near double digit rates seen in the past two years. During the Financial Year 2011-12, the Fast Moving Consumer Goods markets in India continue to be attractive and have grown during the year under review.

In the other face the opening up and expansion of the economy, rising income levels and changing consumer beliefs and behaviors have led to an increase in consumption. This represents a tremendous opportunity for your Company. Your Company's performance for the year 2011-12 has to be viewed in the context of the aforesaid economic and market environment.

Oral Care

Oral care in India has been greatly driven by innovation, retail availability, packaging and promotion. In India, oral care segment holds a substantial share in the overall cosmetic market. On back of increasing awareness about oral hygiene, improving income, and high advertising expenditure by players, the Indian oral care market has shown stupendous growth. According to our latest research report, tooth paste and tooth powders hold the majority share of the market, and this is expected to remain the major sub-segment in future. It is estimated that the Indian oral care market will register a strong CAGR of around 14% during 2011-2015.

There exists an immense potential for tooth brush market in rural areas. The Indian oral care market is presently estimated at ₹4200 crores, of which toothpaste contributes the largest chunk, accounting for approximately 75% of the total market. The toothpaste market is estimated at approximately ₹3100 crores. The toothpowder market, valued at ₹472 crores which is expected to drop down in future. The mouthwash market – an infant product segment for now – is valued at ₹ 84 crores and expected to turn up. The toothbrush market is valued at ₹ 550 crores.

In 2015, the global oral hygiene market is forecast to have a value of $34,907.8 million, an increase of 18.6% since 2010.

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 2013 your Company plans to capture 60 -70% of the projected 1700 million unit toothbrush market.

Toothpaste

Out of the total sales of toothpaste 83% is from domestic market and 5% sales on cosmetic propositions and 12% 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.

Key Growth Drivers of FMCG Industry

The growth factors of the FMCG sector of Indian economy:

- India's growing population and urbanization offers a huge market for organized FMCG.
- Increasing economic prosperity and change in consumption pattern drives sale pattern
- Increase in per capita income which in turn increases the household consumption
- Demographical changes and improvements in the standard of living
- Increasing Education of the Customer

Future Outlook and Strategies

The market value of oral hygiene products has grown at a consistent rate with high future perspectives. However, inflation has undoubtedly had an impact on consumer behavior. To overcome the inflation, the Company is planning to move ahead with a strategic way and concentrating to capture the untapped market with its cost effective products. 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.

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.

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 , 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 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, 2012 was entrusted to M/s Manoj C Agarwal & Co., Chartered Accountants, New Delhi.

Company Performance Review

Your Company has reported a loss of ₹ 364 Mn during the financial year ended March 31, 2012.

The turnover from operations of the company during the financial year ended March 31, 2012 was ₹928 Mn as compared to ₹854 Mn during the previous year ended March 31, 2011. The turnover of the company increased by 8.66% from the previous year

Cost of Goods sold

The total cost of goods sold has slightly been increased from the existing by apx 15 Million. The total expenditure on account of Cost of goods sold, finance cost, depreciation, administrative and personnel expenses have been increased from ₹ 791 million to ₹ 950 Million on account of inflation due to the depreciated rupee value.

EPS

The year recorded a negative EPS of ₹ (2.15) compared to previous year EPS of ₹ 4.14. The Diluted Earnings per Share (DPS) was ₹ (2.15) in FY'12 compared to ₹ 4.14 in FY'11.

Balance Sheet Position

Share Capital

Your Company has an authorised equity share capital of ₹ 180,000,000 (Eighteen Crore) comprising of 180,00, 000 (One Crore Eighty Lakh) equity shares of ₹ 10 each and paid up equity capital of ₹ 175,500,070 (Seventeen Crore Fifty Five Lakh and Seventy) comprising of 17,550, 007 (One Crore Seventy five Lakh Fifty Thousand Seven) equity shares of ₹ 10 each

Reserves & Surpluses

The reserves and surplus as on March 31, 2012 is ₹ 820 Mn as compared to ₹ 616 Mn as on March 31, 2011.

Profit and Loss Account

Your Company incurred a loss of ₹ 364 Mn during the financial year ended March 31, 2012. Last year your company has earned a profit of ₹ 601 Million. The loss was highly attributed on account of increase cost of production and other expenditures.

Environment, Health and Safety

Your Company continues another significant year with focus on the vision of an 'Injury Free' and 'Zero Environment Incidents' organization. Company is actively involved in EHS to ensuring the health and safety of all its employees, contractors, visitors and other persons at its workplace and protecting the environment. All locations of JHS Svendgaard Laboratories Limited shall ensure that the operations of the company are regularly assessed and planned to prevent pollution, injuries and ill-health. The company shall comply with applicable Environmental and Occupational Health and Safety Legislation and other requirements wherever the company is working. 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 consider our human resource to be our most important assets. We are continuously making efforts in the development of Human Resource through a series of employee-friendly measures aimed at talent acquisition, development, motivation and retention. Our endeavor is to develop a culture where a sense of belongingness and ownership of work are the key motivating factors and provide world class training to create a world-class work force. The aim is to lower the average employee age and invigorate the youth to take the Organization forward over the next few decades.

Segment-Wise Performance

The Segment wise Performance as on 31st March, 2012 is as mentioned below:

Segment Wise Revenue, Results and Capital Employed

S.No.	Particulars	Consolidated			
		Quarter Ended		Year Ended	
		31/03/2012 Audited	31/03/2011 Audited	31/03/2012 Audited	31/03/2011 Audited
A.	Segment Revenue				
	i) FMCG	3082.52	2243.53	9280.20	8541.46
	ii) Personal Care Products -Marketing & Distribution	309.96	857.62	3365.54	4199.4
	iii) Dental Care Clinics	1.40	14.25	14.46	28.68
	Total	**3393.88**	**3115.40**	**12660.20**	**12769.54**
B.	SEGMENT RESULTS: Profit/Loss Before tax and Interest				
	i) FMCG	202.96	251.50	694.30	1077.38
	ii) Personal Care Products -Marketing & Distribution	10.68	86.62	481.22	626.04
	iii) Dental Care Clinics	(2.88)	7.11	(5.73)	(8.92)
	Total	**210.76**	**345.23**	**1169.79**	**1694.50**
	Less:				
	Interest	145.57	42.33	611.45	353.34
	Other Unallocable Expenditure	7.60	36.09	7.60	36.09
	Total profit before Tax Exceptional Items	**57.59**	**266.81**	**550.74**	**1305.07**
C.	Capital Employed (Segment Assets - Segment Liabilities)				
	i) FMCG	12922.23	9132.04	12922.23	9132.04
	ii) Personal Care Products -Marketing & Distribution	1539.40	883.60	1539.40	883.60
	iii) Dental Care Clinics	-		-	
	Total Capital Employed	**14461.63**	**10015.64**	**14461.63**	**10015.64**

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.

Annexure "A"

The status of employee stock option, as on March 31, 2012 is as under:

S. N.	Particulars	2011-12
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	2011-12	2010-11
1. Electricity			
(A) Purchased			
- Units	Kwh	21,35,856	17,34,673
- Total Amount	₹ in Lacs	117.00	78.06
- Rate/Unit	₹	5.48	4.50
(B) Own Generator			
- Through Diesel Generator Units	Kwh	55378	44,567
- Unit per litre of Diesel Oil	Kwh	4.08	4.12
- Cost/Unit	₹	8.23	8.15
- Through steam turbine/generator			-
2. Other/Internal generation light/diesel oil/diesel oil/furnace oil			
(A) Quantity			
Total Cost			-
Average Rate			-
(B) Consumption Per unit of Production			
1) Electricity			
Oral Care Products	Kwh/Per Unit	0.02	0.02
2) Through Diesel Generator			
Oral Care Products	Kwh/Per Unit	0.00	0.00

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

Annexure "C"

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

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

S.No	Particulars	2011-12 (Amount in Rupees)
(a)	Capital	NIL
(b)	Recurring	136959
(c)	Total	136959
(d)	Total R&D Expenditure as a percentage of total turnover	

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

Particulars	2011-12	2010-11
Foreign Exchange Outgo		
Travelling	4,87,340	3,41,989
Raw Materials	1,97,67,227	3,34,76,913
Finished Goods		–
Capital Goods	21,68,50,380	69,78,662
Foreign Exchange Earnings		–
Earning in Foreign Exchange	28,90,91,086	1,98,18,140

Standalone Auditors' report

To
The Members of
JHS Svendgaard Laboratories Limited

1. We have audited the attached Balance Sheet of JHS Svendgaard Laboratories Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:

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

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

   iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. Without qualifying our opinion attention is invited to the fact that:

   The company has engaged in manufacturing hygiene product i.e. Odonil, which is not specifically covered by object clause of Memorandum of Association.

   vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

   a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

   b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

   c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

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

Place: New Delhi
Date: May 26, 2012

Annexure to 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, 2012]

(i) (a) The Company has maintained records showing quantitative details of fixed assets except for the complete particulars, identification and situation of fixed assets.

(b) The Company has a policy of physically verifying fixed assets according to a phased program to cover all the items over all a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. The fixed assets were physically verified during the current year. *However, the process of physical verification needs to be strengthened to include proper instructions and reconciliation with the fixed assets register.*

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

(ii) (a) The inventory (excluding inventory with third party) has been physically verified by the management during the year. In respect of inventory lying with third party, these have substantially been confirmed by the third party. In our opinion, the frequency of verification is reasonable and adequate in relation to the size of the Company and nature of its business.

(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. However, the process of physical verification needs to be further strengthened.

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

(iii) (a) The Company has granted unsecured loan amounting to ₹40,030,000 to a party covered in the register maintained under section 301 of the Companies Act, 1956.

(b) In our opinion, the rate of interest and other terms and condition are not prejudicial to the interest of the Company.

(c) In respect of the above loan, the principal is not yet due for receipt as per the terms of agreement. *However, since the terms of receipt of interest are not stipulated, we are unable to comment on the regularity of the same.*

(d) As per the agreement with party, the above said loan is repayable after three years. Basis this, no amount is overdue at the balance sheet date.

(e) The Company has taken loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is ₹58,763,775 and the year-end balance of loans is ₹9,777,614.

(f) *In the absence of any agreement with the above said parties, we are unable to comment on whether the rate of interest and other terms and conditions for such loans are prima facie, prejudicial to the interest of the Company.*

(g) *In the absence of any agreement with the above said parties, we are unable to comment on the regularity of repayment of principal amounts and interest thereon.*

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

(v) (a) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance 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. Accordingly, the provisions of clause 4(v) (a) and 4(v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

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

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

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

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

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.

(b) According to the information and explanations given to us, there are no dues of income tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute which have not been deposited with the appropriate authorities. According to the information and explanations given to us, the following dues of sales tax have not been deposited by the company on account of dispute:

Name of the statute	Total amount (₹)	Period to which the amount relates	Forum where dispute is pending	Un deposited amount	Remarks
Sales Tax	6,55,188	FY 2006-07	Sales tax Appellate	363,686	This demand is for nondeposition of CST forms. The forms have been subsequently deposited with the authorities

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

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

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

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

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

(xv) According to the information and explanations provided to us, the Company has provided corporate guarantees amounting ₹ 134,314,729 to ICICI Bank Limited for loans taken by JHS Svendgaard Hygiene Products Limited. Amalgamation with these entities was approved by the Board vide its meeting dated July 7, 2010. Pending amalgamation approvals from Honourable High Court we are unable to comment, whether the terms and conditions of guarantees given by the company, are prejudicial or not to the interest of the company.

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

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

(xviii) According to the information and explanation given to us, the Company has made a preferential allotment of 500,000 shares to a party covered in the Register maintained under Section 301 of the Companies Act, 1956. The price at which the shares have been issued is not prejudicial to the interest of the company.

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

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

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

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

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

Place: New Delhi
Date: May 26, 2012

Balance Sheet As at March 31, 2012

(Amount in ₹)

	Note	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	175,500,070	145,500,070
Reserves and surplus	4	820,552,430	616,271,560
		996,052,500	761,771,630
Deferred government grant	5	2,700,000	–
Non-current liabilities			
Long term borrowings	6	266,884,189	150,598,449
Deferred tax liabilities (net)	7	23,126,536	–
Long term provisions	8	3,460,152	834,418
		293,470,877	151,432,867
Current liabilities			
Short term borrowings	9	329,650,009	262,982,017
Trade payables	10	353,998,620	146,930,588
Other current liabilities	11	98,382,257	111,515,300
Short term provisions	8	230,709	35,126,275
		782,261,595	556,554,180
TOTAL		2,074,484,972	1,469,758,677
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12(a)	517,303,913	574,149,349
- Intangible assets	12(b)	1,581,783	2,483,801
- Capital work in progress	12(c)	244,483,953	2,085,917
Non-current investments	13	4,512,587	1,588,330
Deferred tax assets (net)	7	–	2,775,094
Long term loan and advances	14	306,897,012	133,770,154
		1,074,779,248	716,852,645
Current assets			
Inventories	15	131,499,882	189,490,761
Trade receivables	16	811,098,528	492,715,461
Cash and bank balances	17	3,051,371	4,626,350
Short term loans and advances	18	50,633,868	66,073,460
Other current assets	19	3,422,075	–
		999,705,724	752,906,032
TOTAL		2,074,484,972	1,469,758,677
Summary of significant accounting policies	2		

The notes form an integral part of the financial statements.

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

For and on behalf of board of directors of
JHS Svendgaard Laboratories Limited

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Raj Kumar Agarwal	Nikhil Nanda	Rakesh Sharma	Ashish Goel	Tarun Chhabra
Partner	*Managing Director*	*Director*	*CFO*	*Company Secretary*
Membership No.: 074715				

Place: New Delhi
Date : May 26, 2012

Statement of Profit and Loss For the year ended March 31, 2012

(Amount in ₹)

	Note	Year ended March 31, 2012	Year ended March 31, 2011
Income			
Revenue from operations (gross)	20	929,206,552	856,868,135
Less: Excise duty		1,186,591	2,721,965
Revenue from operations (net)		928,019,961	854,146,170
Other income	21	8,326,502	16,548,347
Total revenue		**936,346,463**	**870,694,517**
Expenses			
Cost of materials consumed	22	240,494,318	225,502,539
Purchase of traded goods	41	393,278,799	375,382,615
(Increase) / decrease in inventories of finished goods work-in-progress and traded goods	23	22,974,448	(17,018,116)
Employee benefits expense	24	47,635,509	35,339,490
Finance cost	25	61,079,991	35,290,221
Depreciation, amortization and impairment	26	73,658,463	69,393,447
Other expenses	27	111,380,323	67,479,394
Total expenses		**950,501,851**	**791,369,590**
(Loss)/Profit before prior period items and tax		**(14,155,388)**	**79,324,927**
Prior period expense (net)	28	764,659	3,602,754
(Loss)/Profit before tax		**(14,920,047)**	**75,722,173**
Tax expense			
-Current tax		–	16,400,000
-Deferred tax (benefit) / charge (Refer note 7)		(947,772)	(812,751)
-Tax for earlier years		(4,417,116)	–
-Deferred tax for earlier years (Refer note 7)		26,849,402	–
Total tax expense		21,484,514	
(Loss)/Profit for the year		**(36,404,561)**	**60,134,924**
Earnings per share (in ₹):			
(nominal value of ₹ 10 per share)			
-Basic EPS	36	(2.15)	4.14
-Diluted EPS		(2.15)	4.14
Summary of significant accounting policies	2		

The notes form an integral part of the financial statements.

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

For and on behalf of board of directors of
JHS Svendgaard Laboratories Limited

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Raj Kumar Agarwal	Nikhil Nanda	Rakesh Sharma	Ashish Goel	Tarun Chhabra
Partner	*Managing Director*	*Director*	*CFO*	*Company Secretary*
Membership No.: 074715				

Place: New Delhi
Date : May 26, 2012

Cash Flow Statement For the year ended March 31, 2012

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
A. Cash flow from operating activities		
(Loss)/Profit before prior period items and tax	(14,155,388)	79,324,927
Adjustments for:		
Depreciation, amortisation and impairment	73,658,463	69,393,447
Interest income	(3,489,156)	(129,557)
Government grant amortisation (income)	(300,000)	–
Prior period expenses	(26,472)	–
Excess provision written back	–	284,360
Wealth tax (written back)/ provision made	(30,000)	34,065
Loss on sale of fixed assets	1,010,755	18,848
Advance from customers written back	(1,599,510)	–
Provision for doubtful debts written back	(967,332)	–
Bad debts written off	11,368,019	–
Creditors written off	(618,456)	–
Provision for doubtful advances	845,229	–
Provision for diminution in value of investment	674,793	–
Unrealised loss/ (gain) on foreign exchange on debtors and creditors	8,166,184	920,334
Unrealised loss/ (gain) on foreign exchange on borrowings	13,502,592	(3,030,837)
Interest and financial charges	61,079,991	37,095,006
Operating profit before working capital changes	**149,119,712**	**183,910,593**
Adjustment for:		
Decrease/ (increase) in inventories	57,990,879	(24,309,700)
Increase in debtors	(328,783,754)	(197,237,052)
Decrease/ (increase) in loans and advances	15,842,814	(5,644,474)
Increase in long term loans and advances	(173,972,087)	(7,409,489)
Increase in trade payables	207,686,488	54,781,368
Increase in provisions	2,100,042	9,596,490
(Increase)/ decrease in current liabilities	(23,238,538)	1,177
Cash generated from operations	**(93,254,444)**	**13,688,913**
Taxes refund (net)	(16,667,197)	(6,439,670)
Net Cash (used)/generated from operating activities	**(109,921,641)**	**7,249,243**
B. Cash flow from investing activities		
Purchase of fixed assets including capital advances	(262,179,002)	(22,809,479)
Sale of fixed assets	2,817,680	749,691
Foreign exchange movement in fixed assets	–	(3,005,200)
Maturity of investment in fixed deposits of more than three months	831,893	(1,265,031)
Purchase of Investments	(3,599,050)	–
Interest income received	67,081	129,557
Net Cash used in Investing Activities	**(262,061,398)**	**(26,200,462)**

Cash Flow Statement For the year ended March 31, 2012 *(Continued)*

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
C. Cash flow from financing activities		
Purchase of fixed assets including capital advances	270,685,430	3,000,000
Government grant received	3,000,000	–
Proceeds from long term borrowings	105,262,366	31,399,641
Dividend Paid	(12,686,629)	(9,308,046)
Proceeds from short term borrowings	64,737,414	31,921,847
Interest and financial charges paid	(59,758,628)	(37,180,368)
Net Cash Flow from financing activities	**371,239,953**	**19,833,074**
Net (decrease) / increase in Cash and Cash Equivalents (A+B+C)	**(743,086)**	**881,855**
Opening balance of Cash and Cash Equivalents	1,910,022	1,028,168
Closing balance of Cash and Cash Equivalents	**1,166,936**	**1,910,022**

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

ii. The above Cash flow statement has been prepared under the indirect method set out in AS-3 the Companies (Accounting Standard) Rules, 2006 (as amended).

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

For and on behalf of board of directors of
JHS Svendgaard Laboratories Limited

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

Sd/-
Nikhil Nanda
Managing Director

Sd/-
Rakesh Sharma
Director

Sd/-
Ashish Goel
CFO

Sd/-
Tarun Chhabra
Company Secretary

Place: New Delhi
Date : May 26, 2012

1. BACKGROUND

JHS Svendgaard Laboratories Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in manufacturing a range of oral and dental products for elite national and international brands. The main portfolio of the company is to carry out manufacturing, exporting, importing and trading of oral care and hygiene products including toothbrushes, toothpastes, mouthwash, denture tablets, sanitizers etc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of Financial Statements

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

b. Use of estimates

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

c. Tangible fixed assets

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

d. Intangible fixed assets

Intangible fixed assets are stated at cost, less accumulated amortization and are amortized over a period of five years. All costs relating to upgradation /enhancements are generally charged off as revenue expenditure unless they bring significant additional benefits of enduring nature.

e. Capital work-in-progress

Capital work-in-progress comprises cost of acquired or self generated tangible fixed assets that are not yet ready for their intended use at the balance sheet date.

f. Depreciation and Amortization

Depreciation

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

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

Amortization

Intangible assets comprise of computer softwares and are amortized over a period of five years.

All Intangible assets costing to ₹ 5,000 or below are amortized in full by way of a onetime amortization charge.

Depreciation/amortization method, useful lives and residual values are reviewed at each balance sheet date.

g. Impairment of tangible and intangible assets

An asset is treated as impaired when carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the statement of profit and loss when asset is identified as impaired. Reversal of impairment loss recognized in prior periods is recorded when there is an indication that impairment loss recognized for the assets no longer exists or has decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying

amount that would have been determined net of depreciation or amortized, if no impairment loss has been recognized post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life. The Company periodically assesses using external and internal resources whether there is an indication that an asset may be impaired.

h. Inventories

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

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

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

i. Revenue recognition

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

Sale of goods

Revenue from sale of goods is recognized on transfer of significant risk and rewards of ownership to the customer. Revenue is net of Sales Tax, Value Added Tax and applicable discounts and allowances.

Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend Income

Dividend is recognized when the company's right to receive dividend is established by the reporting date.

Export Incentives

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

Sale of Scrap

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

j. Borrowing Cost

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

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

k. 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 retranslated using the exchange rate prevailing at the reporting date. 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 recognized as income or as expense.

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 recognized as income or as expense in the year in which they arise.

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

l. Investments

Investments which are readily realisable and are intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments, even though they may be readily marketable. The cost of an investment includes acquisition charges such as brokerage, fees and duties.

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

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

m. 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 recognized in the statement of profit and loss in the period in which the employee renders the related service.

Long term employee benefits:

I. Defined contribution plans:

Provident Fund Contribution:

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

Employee State Insurance Contribution:

The Contributions for Employee State Insurance are deposited with the appropriate government authorities and are recognized in the statement of profit and loss in the financial year to which they relate.

II. Defined Benefit Plans:

Gratuity:

The Company provides for retirement benefits in the form of Gratuity. The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which 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 recognized immediately in the statement of profit and loss.

III. Other long term employee benefits:

Earned leave encashment:

Liability for earned leave encashment payable to employees with respect to accumulated leaves outstanding at the year end is provided for based on the actuarial valuation using the projected unit cost method.

n. Accounting for taxes on income

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

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

o. Government grant

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

(a) where there is reasonable assurance that the enterprise will comply with the conditions attached to them; and

(b) where such benefits have been earned by the enterprise and it is reasonably certain that the ultimate collection will be made. Grants related to depreciable assets are treated as deferred income which is recognized in the statement of profit and loss on a systematic and rational basis over the remaining period of life of the assets. Grants related to non-depreciable assets are credited to capital reserve.

p. Provisions, Contingent Liabilities and Contingent Assets

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognize assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, subsequently, if it becomes virtually certain that an inflow of economic benefits will arise, asset and related income is recognized in the financial statements of the period in which the change occurs.

q. Earnings per share

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

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

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

r. Leases

Operating lease

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

Finance lease

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

s. Cash Flow Statement

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

3. SHARE CAPITAL

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

Particulars	March 31, 2012		March 31, 2011	
	Numbers	Amount in ₹	Numbers	Amount in ₹
Authorised shares				
Equity shares of ₹ 10/- each (March 31, 2011 : ₹ 10/-)	18,000,000	180,000,000	18,000,000	180,000,000
Issued, subscribed and fully paid up shares				
Equity shares of ₹ 10/- each (March 31, 2011 : ₹ 10/-)	17,550,007	175,500,070	14,550,007	145,500,070

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

Particulars	March 31, 2012		March 31, 2011	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of the year	14,550,007	145,500,070	14,450,007	144,500,070
Add : Issued during the year on preferential basis	3,000,000	30,000,000		
Add: Conversion of warrants issued on preferential basis			100,000	1,000,000
Outstanding at the end of the year	**17,550,007**	**175,500,070**	**14,550,007**	**145,500,070**

b) Terms/rights attached to equity shares

Voting

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

Dividends

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting, except in the case where interim dividend is distributed. During the year ended March 31, 2012 the amount of per share dividend recognised as distributions to equity shareholders is ₹ Nil (March 31, 2011: ₹ 0.75 /-)

Liquidation

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

c) No shares have been allotted as fully paid up pursuant to any contract(s) without payment being received in cash, allotted as fully paid up by way of bonus shares or bought back.

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

Particulars	March 31, 2012			March 31, 2011		
	Numbers	Amount in ₹	% held	Numbers	Amount in ₹	% held
Equity share of ₹ 10 each fully paid						
Nikhil Nanda*	5,885,520	58,855,200	33.54%	5,385,520	53,855,200	37.01%
Tano Mauritius India FVCI	2,500,000	25,000,000	14.25%	–	–	0.00%
Sushma Nanda	808,533	8,085,330	4.61%	808,533	8,085,330	5.56%

** Includes 500,000 shares allotted through board meeting held on March 31, 2012, however listing in stock exchange is still pending.*

4. RESERVES AND SURPLUS

4.1 Capital reserves (forfeiture of equity share warrants) (Amount in ₹)

	March 31, 2012	March 31, 2011
Opening balance	230,000	230,000
Add: Transferred during the year	–	–
Closing balance (A)	230,000	230,000

4.1 Capital reserves (forfeiture of equity share warrants) (Amount in ₹)

	March 31, 2012	March 31, 2011
Opening balance	410,404,768	408,404,768
Add: Premium on issue of equity shares on preferential basis*	263,250,000	2,000,000
Less : Amount utilized towards issue of equity shares on preferential basis #	22,564,570	–
Closing balance (B)	651,090,198	410,404,768

** Premium on issue of shares during the year.*

 # Premium utilised for writing off share issue expenses.

4.3 General reserves (Amount in ₹)

	March 31, 2012	March 31, 2011
Opening balance	667,750	3,672,950
Add: Adjustment during the year	–	(3,005,200)
Closing balance (C)	667,750	667,750

4.4 Surplus/ (deficit) in the Statement of Profit and Loss (Amount in ₹)

	March 31, 2012	March 31, 2011
Opening balance	204,969,043	159,754,391
Add: Profit / (loss) for the year from the statement of profit and loss	(36,404,561)	60,134,924
Less: Appropriations		
- Proposed equity dividend (Note a)	–	12,837,505
- Tax on Proposed equity dividend	–	2,082,767
Closing Balance (D)	168,564,482	204,969,043
Total Reserves and Surplus (A+B+C+D)	820,552,430	616,271,560

Note a: The Company has proposed equity dividend for the year 2011-12 of ₹ Nil per equity share (March 31, 2011 ₹ 0.75/- per equity share) for equity shares having par value of ₹ 10/-.

5. DEFERRED GOVERNMENT GRANT

(Amount in ₹)

	March 31, 2012	March 31, 2011
Government grant received #	3,000,000	–
Less: Current year amortisation over the balance life of the assets (Refer note 21)	300,000	–
Closing Balance	2,700,000	–

 # During the year the company has received capital subsidy under the Central Capital Investment Subsidy Scheme, 2003 of the Government of India. The subsidy received is to be amortised over the balance useful life of the assets being 10 years.

6. LONG TERM BORROWINGS

(Amount in ₹)

Particulars	Non current portion		Current portion	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Indian rupee loan from banks (term loan)	30,774,086	30,741,511	–	–
Foreign currency loan from banks (buyers credit)	164,129,265	–	–	–
Foreign currency loan from banks (External Commercial Borrowings (ECB) and Foreign Currency Term Loan (FCTL))	66,298,824	115,732,800	66,298,824	57,866,400
	261,202,175	146,474,311	66,298,824	57,866,400
Vehicle loans	5,682,014	4,124,138	2,271,994	1,989,598
	266,884,189	150,598,449	68,570,818	59,855,998
Amount disclosed under the head Other Current Liabilities (Refer note 11)	–	–	(68,570,818)	(59,855,998)
Net amount	266,884,189	150,598,449	–	–

Particulars	Indian rupee loan from banks (term loan)	Foreign currency loan from banks (buyers credit)	Foreign currency loan from banks (External Commercial Borrowings (ECB))	Foreign Currency Term Loan (FCTL)
Rate of interest	3.25% over Base Rate plus Tenor Premium 0.75%	6 months LIBOR Plus Applicable Margin	LIBOR is hedged @ 2.98% Plus 1.50% as Margin	LIBOR is hedged @ 2.98% Plus 1.60% as Margin
Repayment terms	20 quarterly installments of ₹ 9,715,000 each from April, 2013.	20 Quarterly installments of ₹ 9,715,000 each from April, 2013.	10 Semi Annual installments of USD 496,000 each from August 27, 2009.	10 Semi Annual installments of USD 152,000 each from July 31, 2009.
Security	A. Exclusive charge on movable and non-movable assets financed by bank. B. First pari passu charge on uncharged net block and Second charge on current assets of the company. C. Collateral Security to the following properties of the Company mortgaged with ICICI Bank: - Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas - Khasra no.89 measuring 4.18 bighas - Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas - Khata no. 85/1, measuring 4 bighas - Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala-Amb, Tehsil Nahan, District Sirmour, HP (total land measuring 19.04 bighas) in the name of Company. D. Pledge of 500,000 shares (valued ₹ 500 lacs approx.) in the name of Mr. Nikhil Nanda, Managing Director of the Company.		A. Exclusive charge on all the movable fixed assets of the Company being financed by the facility. B. First Charge on all the immovable (subject to RBI approval) fixed assets of the Company being financed by the facility. C. Equitable mortgage of the following properties: -Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas -Khasra no. 89 measuring 4.18 bighas Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas -Khata no. 85/1, measuring 4 bighas -Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala-Amb, Tehsil Nahan, District Sirmour, HP (total land measuring 19.04 bighas) in the name of Company (subject to RBI approval). D. Second Charge on the current assets of the Company. E. Personal guarantee of Mr. Nikhil Nanda limited to the value of 2,755,002 shares of JHS Svendgaard Laboratories Limited.	A. Exclusive charge on all the movable fixed assets of the Company under Noida SEZ Unit, both present and future. B. First Charge on the current assets of the Company pari passu with ICICI Bank Limited. C. Personal guarantee of Mr. Nikhil Nanda limited to the value of 2,755,002 shares of JHS Svendgaard Laboratories Limited.

Vehicle loans are secured against hypothecation of specific vehicles.

7. DEFERRED TAX LIABILITIES/(ASSETS) (NET)

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the deferred tax liabilities of ₹ 25,901,630* has been recognised as charge in the statement of profit and loss. The effect of significant timing differences as at March 31, 2012 that reverse in one or more subsequent years give rise to the following net deferred tax liability as at 31 March, 2012.

Deferred tax assets and liabilities are attributable to the following:

(Amount in ₹)

	March 31, 2012	Benefit/ (Charge) for the year	March 31, 2011
Deferred tax liability			
On account of written down value of fixed assets as per the Income Tax Act, 1961 and total of net block of tangible and intangible fixed assets as per financial statements	34,662,114	29,719,887	4,942,227
Total deferred tax liability	34,662,114	29,719,887	4,942,227
Deferred tax assets			
Provision for bonus	17,331	9,800	27,131
Provision for doubtful debts	885,825	351,809	1,237,634
Provision for obsolete stock	2,059,243	–	2,059,243
Provision for gratuity	676,112	(676,112)	–
Interest disallowed	2,243	(2,243)	–
Unrealised exchange loss on capex loans	7,894,824	(3,501,511)	4,393,313
Total deferred tax assets	11,535,578	(3,818,257)	7,717,321
Deferred tax liabilities/(assets) (net)	23,126,536	25,901,630*	(2,775,094)

** ₹ 25,901,630 is net deferred tax charge. This is inclusive of deferred tax charge amounting to ₹ 26,849,402 related to earlier years and deferred tax credit amounting to ₹ 947,772 for the year.*

8. PROVISIONS

(Amount in ₹)

Particulars	Long-term		Short-term	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Provision for employee benefits				
Provision for gratuity (Refer note 32)	2,493,388	834,418	102,379	36,420
Provision for leave benefits (Refer note 32)	966,764	–	128,330	–
Other provisions				
Provision for taxation [Net of advance tax & tax deducted at source aggregating to ₹ Nil (March 31, 2011 ₹ 1,369,343)]	–	–	–	20,227,833
Proposed dividend	–	–	–	12,779,255
Provision for tax on proposed dividend	–	–	–	2,082,767
	3,460,152	834,418	230,709	35,126,275

9. SHORT TERM BORROWINGS

(Amount in ₹)

	March 31, 2012	March 31, 2011
Secured		
Loan repayable on demand		
- Cash credit from banks in Indian rupee	255,230,193	68,896,614
-Buyers credit from banks in foreign currency	6,932,359	–
- Packing credit from banks in foreign currency	57,709,843	151,085,403
Unsecured		
-16.25% loan from Pinkhem Investment Company Private Limited	–	19,000,000
- 10% loan from Anmol Finpro Private Limited	–	7,500,000
- 10% loan from Perfect Homfin Private Limited	–	2,500,000
- Interest free loan from director repayable on demand (Refer note 34)	6,198,525	14,000,000
- Interest free loan from related parties repayable on demand (Refer note 34)	3,579,089	–
	329,650,009	262,982,017

Particulars	Cash credit from bank in Indian rupee (ICICI Bank) , Buyers credit and Packing credit from banks in foreign currency	Cash credit from bank in Indian rupee (Bank of India)
Rate of interest	Cash credit from bank in Indian rupee (ICICI Bank)- Base rate plus applicable margin. Buyers credit and Packing credit from banks in foreign currency-6 months LIBOR Plus Applicable Margin.	Base rate plus applicable margin.
Security	A. First charge in favour of the bank by the way of hypothecation of the Company's entire stock of raw materials, semi-finished and finished goods, consumable stores, packing material and spares and such other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank pari passu with ICICI Bank Ltd. SEEPZ OBU and Bank of India. B. Second Charge on the following properties: - Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas - Khasra no.89 measuring 4.18 bighas - Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas - Khata no. 85/1, measuring 4 bighas - Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala-Amb, Tehsil Nahan, District Sirmour, Himachal Pradesh measuring 19.04 bighas (subject to RBI approval) also sharing second charge with Bank of India-for working capital facilities. C. Pledge of 3,255,002 shares of JHS Svendgaard Laboratories Limited.	A. First pari passu charge on current assets of the Company by the way of hypothecation. B. Second pari passu charge on fixed assets on reciprocal basis.

10. TRADE PAYABLES

(Amount in ₹)

	March 31, 2012	March 31, 2011
Trade payables (Refer note 38 for details of dues to Micro Small & Medium Enterprises)	353,998,620	146,930,588
	353,998,620	146,930,588

11. OTHER CURRENT LIABILITIES

(Amount in ₹)

	March 31, 2012	March 31, 2011
Current maturities of long-term borrowings (Refer note 6)	68,570,818	59,855,998
Interest accrued but not due on borrowings	2,770,682	1,775,890
Interest accrued and due on borrowings	303,257	–
Book Overdraft	283,087	13,998,628
Creditors for fixed assets	11,453,293	13,911,579
Advance received from customers	3,470,000	11,017,895
Expenses payables (Refer note 38)	10,341,706	8,900,462
Unclaimed dividend on equity shares	171,196	78,570
Others:		
- Tax deducted at Source (TDS) and Work Contract Tax (WCT) payable	734,700	702,180
- Sales tax payable	239,285	1,214,468
- Wealth tax payable	44,233	59,630
	98,382,257	111,515,300

12 (a) TANGIBLE ASSETS

(Amount in ₹)

Particulars	Gross block (at cost)				Accumulated depreciation and impairment				Net block	
	As at April 1, 2011	Additions	Disposals/ Adjustments	As at March 31, 2012	As at April 1, 2011	Depreciation for the year#	Disposals/ Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Owned assets										
Land	9,105,752	–	–	9,105,752	–	–	–	–	9,105,752	9,105,752
Factory building	126,177,457	664,480	123,971	126,717,966	9,959,075	4,229,629	12,179	14,176,525	112,541,441	116,218,382
Office building	17,116,367	–	–	17,116,367	768,775	278,872	–	1,047,647	16,068,720	16,347,592
Plant and machinery	378,793,292	1,721,982	2,269,330	378,245,944	96,498,535	28,118,278	965,061	123,651,752	254,594,192	282,294,757
Moulds and dies	177,058,128	8,791,740	–	185,849,868	52,376,335	35,259,011	–	87,635,346	98,214,522	124,681,793
Furniture and fixtures	13,420,353	2,598,580	–	16,018,933	3,495,072	2,330,146	–	5,825,218	10,193,715	9,925,281
Vehicles	20,151,521	5,446,994	4,350,834	21,247,681	5,702,603	2,052,638	2,084,591	5,670,650	15,577,031	14,448,918
Computers	2,441,218	393,691	260,276	2,574,633	1,314,345	365,892	114,144	1,566,093	1,008,540	1,126,873
Total tangible assets	**744,264,089***	**19,617,467**	**7,004,411**	**756,877,144**	**170,114,740***	**72,634,466**	**3,175,975**	**239,573,231**	**517,303,913**	**574,149,349**
Previous Year	730,796,977	14,540,735	948,735	744,388,977*	99,085,796	71,328,566	180,196	170,234,166*	574,154,811	–

* An amount of ₹124,888 and ₹119,426 pertaining to gross block and accumulated depreciation respectively has been reclassed from computers to computer software.

Depreciation for the year includes ₹ 41,521 pertaining to assets costing less than ₹ 5,000 which were not fully depreciated in prior years (Refer note 28) and impairment loss on furniture and fixtures amounting to ₹ 1,313,217.

The impairment loss recognized during the year for furniture and fixtures is given here under:

Description	Gross block	Accumulated depreciation	Impairment loss	Net block
Furniture and fixtures	2,335,429	1,042,211	1,313,217	1

No impairment loss was recognised during the previous year.

The impairment loss has been determined using the net selling price of furniture and fixtures.

12 (b) INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Gross block (at cost)				Accumulated amortisation				Net block	
	As at April 1, 2011	Additions	Disposals/ Adjustments	As at March 31, 2012	As at April 1, 2011	Amortisation for the year	Disposals/ Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Computer Software	5,320,555	163,500	–	5,484,055	2,836,754	1,065,518	–	3,902,272	1,581,783	2,483,801
Total intangible assets	**5,320,555***	**163,500**	–	**5,484,055**	**2,836,754***	**1,065,518**	–	**3,902,272**	**1,581,783**	**2,483,801**
Previous Year	5,179,122	16,545	–	5,195,667*	1,710,840	1,006,488		2,717,328*	2,478,339	–

** An amount of ₹124,888 and ₹119,426 pertaining to gross block and accumulated depreciation respectively has been reclassed from computers to computer software.*

12(c) CAPITAL WORK IN PROGRESS (refer note 31)

(Amount in ₹)

	As at March 31, 2012	As at March 31, 2011
	244,483,953	2,085,917

13. NON CURRENT INVESTMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
Unquoted, non - trade investments (valued at cost unless stated otherwise)		
Investment in subsidiaries		
JHS Svendgaard Dental Care Limited		
(March 31, 2011 : 29,996) fully paid up equity shares of face value of ₹ 10 each	3,899,010	299,960
Less : Provision for diminution in value of Investment	974,753	299,960
	2,924,257	–
Jones H Smith FZE, U.A.E.		
1 (March 31, 2011 : 1) fully paid up equity share of face value of 100,000 Arab Emirates Dirham	1,088,330	1,088,330
	4,012,587	1,088,330
Investment in shares of others		
JHS Svendgaard Hygiene Products Ltd.		
50,000 (March 31, 2011: 50,000) fully paid equity shares of face value of ₹ 10 each	500,000	500,000
	4,512,587	**1,588,330**

14. LONG TERM LOANS & ADVANCES

(Amount in ₹)

	March 31, 2012	March 31, 2011
Unsecured, considered good, unless otherwise stated		
Security Deposit		
- Unsecured, considered good	2,360,799	1,970,582
Capital advances (refer note 29)		
- Unsecured, considered good	263,000,491	130,293,850
- Unsecured, considered doubtful	845,229	–
	263,845,720	130,293,850
Less: Provision for doubtful advances	845,229	–
	263,000,491	130,293,850
Loans and advances to related parties (refer note 34)		
- Unsecured, considered good	41,535,722	1,505,722
	306,897,012	**133,770,154**

Notes to the Financial Statements For the year ended March 31, 2012 *(Continued)*

15. INVENTORIES * (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

(Amount in ₹)

	March 31, 2012	March 31, 2011
Raw materials	66,777,732	107,739,799
Packing materials	10,149,285	7,222,288
Work-in-progress	50,129,210	11,094,296
Finished goods @	10,482,660	55,917,645
Traded Goods #	–	13,592,957
Stores and spares	307,868	270,649
	137,846,755	195,837,634
Provision For Obsolete Stocks	6,346,873	6,346,873
	131,499,882	**189,490,761**

** Inventories include material on job work which comprises of raw materials amounting to ₹ 24,872,317 (March 31, 2011: ₹ Nil), work in progress amounting to ₹ 1,679,550 (March 31, 2011: ₹ Nil) and finished goods amounting to ₹ 42,166,946 (March 31, 2011: ₹ Nil).*

@ Finished goods include excise duty amounting to ₹ 157,345 (March 31, 2011: ₹ 310,819)

 # Obsolete Stocks amounting ₹ 8,452,963 have been written off from the books (March 31, 2011: ₹ Nil)

16. TRADE RECEIVABLES

(Amount in ₹)

	March 31, 2012	March 31, 2011
Other receivables		
Unsecured and considered good	680,399,580	463,098,110
	680,399,580	463,098,110
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured and considered good *	130,698,948	29,617,351
Unsecured and considered doubtful	2,847,229	3,814,560
	133,546,177	33,431,911
Less: Provision for doubtful debts	2,847,229	3,814,560
	130,698,948	29,617,351
	811,098,528	**492,715,461**

** Includes amount due from related parties. Refer note 34.*

17. CASH AND BANK BALANCES

(Amount in ₹)

	March 31, 2012	March 31, 2011
Cash and cash equivalents		
Balances with banks		
- Current accounts	851,190	1,370,055
- Deposits with original maturity of less than three months	132,936	126,207
- Unclaimed dividend amount	171,196	78,570
- Cash on hand	11,614	335,190
	1,166,936	1,910,022
Other bank balances		
Margin money	827,594	15,000
Deposits with original maturity of more than three months but realisable within twelve months from balance sheet date	1,056,841	2,701,328
	1,884,435	2,716,328
	3,051,371	**4,626,350**

Margin money deposits with a carrying amount of ₹ 827,594 (March 31, 2011: ₹ 15,000) against bank guarantees includes ₹ 327,594 as 100% margin in favour of sales tax authorities for the assessment year 2006-07 and includes ₹ 500,000 as 10% margin of ₹ 5,000,000 submitted in favour of Central excise and custom authorities NSEZ Noida (UP).

18. SHORT TERM LOANS AND ADVANCES

(Amount in ₹)

	March 31, 2012	March 31, 2011
Unsecured, considered good, unless otherwise stated		
Security deposit		
- Unsecured, considered good*	25,330	350,531
Loans and advances to related parties (refer note 34)		
- Unsecured and considered good	–	2,809,050
- Unsecured and considered doubtful	–	400,000
	–	3,209,050
Less: Provision for doubtful advances	–	400,000
	–	2,809,050
Loans and advances to employees		
- Unsecured and considered good	2,683,845	228,547
Other Loans and advance		
Unsecured and considered good		
- Advance tax [net of provisions ₹ 29,148,890 (March 31, 2011: ₹ 11,000,000)]	1,767,230	570,943
- Balances with statutory/government authorities	6,606,163	11,821,427
- Prepaid expenses	2,607,389	7,918,029
- Advance to suppliers, unsecured considered good (Refer note 34)	36,943,911	42,374,933
- Advance to suppliers, unsecured considered doubtful	824,250	824,250
	41,748,943	63,509,582
Less: Provision for doubtful advances	824,250	824,250
	50,608,538	62,685,332
	50,633,868	66,073,460

19. OTHER CURRENT ASSETS

(Amount in ₹)

	March 31, 2012	March 31, 2011
Interest accrued on loans granted (Refer note 34)	3,322,459	–
Interest accrued but not due on fixed deposits	99,616	–
	3,422,075	–

20. REVENUE FROM OPERATIONS

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Revenue from operations		
Sale of products (Refer note 46 and 34)		
Domestic		
Manufactured Goods	232,792,042	456,543,602
Traded goods	392,489,970	378,271,210
Export		
Manufactured goods	301,801,574	17,103,740
Traded goods	–	2,714,400
	927,083,586	854,632,952
Other operating revenues		
Scrap sales	2,122,966	2,235,183
Revenue from operations (gross)	929,206,552	856,868,135
Less: Excise duty*	1,186,591	2,721,965
Revenue from operations (net)	928,019,961	854,146,170

** Excise duty on sales amounting to ₹ Nil (March 31, 2011: ₹ 2,721,965) has been reduced from sales in statement of profit & loss and (increase)/decrease in excise duty on inventory amounting to ₹ 153,274 (March 31, 2011: ₹ 52,826) has been considered as (income) / expense in note 27 of financial statements.*

21. OTHER INCOME

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Interest income on		
Fixed deposits	166,696	129,557
Loan to related parties (Refer note 34)	3,322,459	–
	3,489,155	129,557
Other non operating income		
Excess provision written back	1,834,404	284,360
Government grant (Refer note 5)	300,000	–
Foreign exchange gain (net)	–	6,896,836
Sundry balances written back	1,629,510	–
Miscellaneous income	1,073,433	9,237,594
	4,837,347	16,418,790
	8,326,502	16,548,347

22. COST OF MATERIALS CONSUMED

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Cost of raw materials consumed		
At the beginning of the year	107,739,799	98,101,875
Add: Purchases	147,529,652	206,154,326
	255,269,451	304,256,201
Less: At the end of the year	66,777,732	107,739,799
	188,491,719	196,516,402
Cost of packing material consumed		
At the beginning of the year	7,222,288	10,030,354
Add: Purchases	48,374,272	24,897,526
	55,596,560	34,927,880
Less: At the end of the year	10,149,285	7,222,288
	45,447,275	27,705,592
Other materials-consumables		
At the beginning of the year	270,649	5,811
Add: Purchases	6,592,542	1,545,383
	6,863,191	1,551,194
Less: At the end of the year	307,867	270,649
	6,555,324	1,280,545
	240,494,318	225,502,539

23. (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Finished goods		
At the beginning of the year	55,917,645	54,174,934
At the end of the year	10,482,660	55,917,645
	45,434,985	(1,742,711)
Work in progress		
At the beginning of the year	11,094,296	9,214,959
Purchases	2,981,420	196,889
At the end of the year	50,129,210	11,094,296
	(36,053,494)	(1,682,448)
Stock-in-trade		
At the beginning of the year	13,592,957	–
At the end of the year	–	13,592,957
	13,592,957	(13,592,957)
	22,974,448	(17,018,116)

24. EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Salaries, wages, bonus and allowances	42,807,455	33,198,297
Contribution to provident and other funds (Refer note 32)	1,237,144	1,215,885
Gratuity Expense (Refer note 32)	1,774,501	–
Leave encashment (Refer note 32)	422,723	–
Workmen and staff welfare expenses	1,393,686	925,308
	47,635,509	35,339,490

25. FINANCE COST

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Interest expense	44,562,773	30,144,081
Bank Charges	4,680,629	5,126,100
Exchange differences to the extent considered as an adjustment to borrowing cost	11,836,589	20,040
	61,079,991	35,290,221

26. DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES#

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Depreciation of tangible assets	72,592,945	68,386,959
Amortisation of intangible assets	1,065,518	1,006,488
	73,658,463	69,393,447

 # Exclude prior period depreciation and includes impairment loss (Refer Note 12 & 28)

Notes to the Financial Statements For the year ended March 31, 2012 *(Continued)*

27. OTHER EXPENSES

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Rent expenses (Refer note 35)	2,590,686	2,798,026
Advertisement expenses	7,365,677	10,408,853
Bank charges	859,675	1,824,824
Business promotion expenses	733,971	1,145,666
Repairs and Maintenance		
- Plant & machinery	3,062,571	5,742,460
- Building	2,902,225	1,973,336
- Others	1,306,666	1,003,207
Provision for doubtful advances	845,229	–
Bad debts written off	11,368,019	–
Export incentive receivable written off	3,544,519	–
Provision for diminution in investment	674,793	–
Freight & cartage outward	3,623,230	1,358,542
Insurance	1,991,760	1,517,510
Legal & professional fees	7,322,784	7,032,812
Foreign exchange loss (net)	22,504,159	-
Fees rates and taxes	1,193,263	940,830
Wealth tax	48,000	34,063
Decrease/(increase) in excise duty on inventory	153,274	52,826
Telephone and postage expenses	1,639,405	1,422,192
Printing and stationery expenses	1,139,377	1,566,648
Travelling and conveyance expenses	5,432,148	5,215,530
Loss on sale of fixed assets	1,010,755	18,848
Directors' sitting fees	26,000	35,500
Job work charges	10,268,107	9,265,890
State excise duty	447,563	563,939
Power & Fuel	13,719,619	9,302,597
Testing charges	102,097	16,819
Auditor's remuneration (Refer note 37)	1,115,434	1,077,285
Office maintenance expenses	2,267,134	1,775,460
Miscellaneous expenses	2,122,183	1,385,731
	111,380,323	67,479,394

28. PRIOR PERIOD (INCOME)/ EXPENSE (NET)

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Rectification of Depreciation rates on factory building related to year 2007-08 and 2009-10	–	2,941,607
Depreciation pertaining to assets costing less than ₹ 5,000/- which were not fully depreciated in prior years	41,521	–
Legal and professional expenses related to year 2010-11	26,472	–
Leave benefit expenses related to prior years	719,981	–
Interest on Foreign currency loan from bank (External Commercial Borrowings)	(23,315)	–
Advertisement expense related to year 2009-10	–	661,147
	764,659	3,602,754

29. CONTINGENT LIABILITIES AND COMMITMENTS

A. CONTINGENT LIABILITY

(Amount in ₹)

	Particulars	March 31, 2012	March 31, 2011
(i)	Claim made against the company not acknowledged as debts		
	- Sales tax demands (paid under protest ₹ 582,335) for non submission of statutory forms.*	946,021	946,021
	- Case filed by fixed assets vendor for moulds and legal charges.	1,461,000	1,461,000
(ii)	Others:		
	(a) Bank guarantee issued by bank (margin money kept by way of fixed deposit ₹ 827,594 (March 31, 2011: ₹ 15,000)	5,327,594	145,417
	(b) Corporate guarantees given by the company to banks on behalf of others. **	134,314,729	436,000,000
	(c) Outstanding letter of credit (margin money kept by way of fixed deposit ₹ NIL (March 31, 2011: ₹ 3,559,410)	NIL	17,877,557

** The company has preferred an appeal before Commissioner of Sales tax and deposited the same under protest.*

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

- Wave Hygiene Products (Partnership Firm) : ₹ Nil

- JHS Svendgaard Hygiene Products Limited : ₹ 134,314,729

(Refer note 34)

The Board of Directors has approved the Scheme of Amalgamation of the above two entities with the company on July 7, 2010. The said scheme was approved by Honourable Delhi High Court on August 30, 2011. The Honourable High Court of Shimla on March 26, 2012 has reserved the final order of merger which will be pronounced as stated by Honourable High Court of Shimla. Since the order of Shimla High Court is still pending, these financial statements are prepared without giving effect to this amalgamation.

Note: Based on the past experience, interpretations of the provisions of Income tax and provisions of Service tax, the company is of the view that the above demands are likely to be deleted or substantially reduced and accordingly no provision has been considered in books of account.

B. CAPITAL COMMITMENTS:

(Amount in ₹)

(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Capital Advances ₹ 263,845,720 (March 31, 2011: ₹ 130,293,850)).	17,651,006	6,569,875

30. THE DETAILS OF FUND RAISED THROUGH INITIAL PUBLIC OFFERINGS AND UTILIZATION OF SUCH FUND ARE GIVEN BELOW: -

(Amount in ₹)

S No.	Particulars	March 31, 2012	March 31, 2011
A.	Funds raised through Initial Public Offerings	388,619,256	388,619,256
B.	Utilization by way of expansion plan/new project		
	- Building and civil works	86,339,862	86,339,862
	- Plant and machinery	210,208,224	210,208,224
	- Margin money for working capital	16,025,000	16,025,000
	- General corporate purposes	37,830,987	37,830,987
	- IPO expenses	37,921,369	37,921,369
	- Fixed deposit and balance in current accounts	293,814	293,814
	Total funds utilized	**388,619,256**	**388,619,256**
	Total unutilized funds	**NIL**	**NIL**

31. CAPITAL WORK IN PROGRESS

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
Capital work in progress		
Opening balance	2,085,918	NIL
Add: Additions during the year		
Building	124,004	235,430
Plant and machinery	207,618,614	27,575
Moulds and dies	21,478,687	–
Furniture and fixture	5,044,818	–
Computers	59,063	–
Interest on borrowed capital	8,072,849	2,022,060
Less: Capitalized during the year	–	
Building	–	199,147
Balance as at year end	**244,483,953**	**2,085,918**

32. EMPLOYEE BENEFIT OBLIGATIONS

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

a) Defined Contribution Plan - Employer's Contribution to provident fund and Employees' State Insurance Scheme recognized as expense in the statement of profit and loss for the year are as under:

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
Contribution to provident fund*	943,814	916,011
Contribution to Employees' State Insurance Scheme*	293,330	299,874

**Included in contribution to provident and other funds under employee benefit expenses (Refer Note 24)*

b) Defined benefit plan

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

Leave encashment- Provision for leave encashment is made by the Company on the basis of actuarial valuation.

I. Reconciliation of opening and closing balances of defined benefit obligation (Amount in ₹)

Particulars	Gratuity (unfunded)		Leave encashment	
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2011
Defined benefit obligation at the beginning of the year	870,838	1,191,509	751,241	–
Interest Cost	70,538	95,321	64,607	–
Past Service cost				
Current service cost	788,022	266,256	385,837	–
Actuarial loss/(gain) on obligation	915,941	(645,937)	(27,721)	–
Benefits paid	(49,572)	(36,311)	(78,870)	–
Present value of obligation at the end of the year	2,595,767	870,838	1,095,094	–

II. Expense recognized during the year (Amount in ₹)

Particulars	Gratuity (unfunded)		Leave encashment	
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2011
Current service cost	788,022	266,256	385,837	–
Interest cost	70,538	95,321	64,607	–
Net Actuarial loss/(gain) recognized	915,941	(645,937)	(27,721)	–
Expenses recognized in the statement of profit and loss	1,774,501	(284,360)	422,723	–

III. Amount for the Current period (Amount in ₹)

Particulars	Gratuity (unfunded)				
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Present value of obligation	2,595,767	870,838	1,191,509	925,078	581,139
Deficit	(2,595,767)	(870,838)	(1,191,509)	(925,078)	(581,139)
Experience adjustments on plan assets - Gain or on account of actuarial gain/ (loss)*	(915,941)	645,937	132,256	(85,556)	447,738

Leave encashment

Particulars	Leave encashment				
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Present value of obligation	1,095,094	–	–	–	–
Deficit	(1,095,094)	–	–	–	–
Experience adjustments on plan assets- Gain or on account of actuarial Gain/ Loss*	27,721	–	–	–	–

*** Leave encashment has been calculated in books from the current year i.e. 2011-12 only therefore the figures related to previous years are not available.*

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

IV. Actuarial assumptions (Amount in ₹)

Particulars	Gratuity (unfunded)		Leave encashment
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012
Economic assumptions:			
Discount rate (p.a.)	8.60%	8.00%	8.60%
Rate of escalation in salary (p.a.)	7.00%	7.00%	7.00%
Expected return on plan assets (p.a.)	–	–	–
Demographic assumptions:			
Retirement age	58 Years		
Mortality table (LIC)	LIC (1994-96) duly modified		
Withdrawal rates (All ages)	7%		

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

33. SEGMENT REPORTING (AS PER AS – 17 SEGMENT REPORTING)

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

34. RELATED PARTY DISCLOSURE

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

a. Names of related parties and description of relationship:

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

**Mr. Gopal Krishna Nanda has resigned from directorship w.e.f. March 23, 2012.*

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

S No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence	Subsidiary Companies
a.	Revenue:			
(i)	Sales of products			
	Dr. Fresh Inc., USA	–	173,295,258	–
		(–)	(15,999,132)	(–)
	Sunehari Exports Limited	–	3,244,654	–
		(–)	(–)	(–)
	JHS Svendgaard Hygiene Products Limited	–	1,569,763	–
		(–)	(–)	(–)
	JHS Svendgaard Dental Care Limited	–		788
		(–)	(–)	(–)
(ii)	Sale of Fixed Assets:			
	JHS Svendgaard Hygiene Products Limited	–	154,757	–
		(–)	(–)	(–)

S No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence	Subsidiary Companies
(iii)	Interest Income			
	- JHS Svendgaard Mechanical & Warehouse Private Limited (Formerly known as JHS Svendgaard Entertainment Private Limited)	–	3,322,459	–
		(–)	(–)	(–)
b.	Purchases:			
(i)	Purchase of raw /packing material:			
	Sunehari Exports Limited	–	2,490,617	–
		(–)	(–)	(–)
(ii)	Purchases of Traded Goods:			
	Dr. Fresh Inc, USA	–	–	–
		(–)	(9,387,972)	(–)
	JHS Svendgaard Hygiene Products Limited	–	–	–
		(–)	(4,651,883)	(–)
(ii)	Purchase of Fixed Assets:			
	Sunehari Exports Limited	–	7,817,912	–
		(–)	(–)	(–)
c.	Expenditure:			
(i)	Rent Paid:			
	- Nikhil Nanda	1,323,600	(–)	(–)
		(1,323,600)		
	- Number One Real Estate Private Limited	–	496,350	–
		(–)	(–)	(–)
	- Berco Engineering Private Limited	–	–	–
		(–)	(827,250)	(–)
(ii)	Electricity Expenses:			
	- Nikhil Nanda	1,263,408	–	–
		(2,541,157)	(–)	(–)
(iii)	Directors Remuneration:			
	- Gopal Krishna Nanda	120,000	–	–
		(120,000)	(–)	(–)
	- Nikhil Nanda	1,918,658	–	–
		(1,700,988)	(–)	(–)
d.	Unsecured Loans:			
(i)	Loans taken:			
	- Nikhil Nanda	41,082,468	–	–
		(14,729,700)	(–)	(–)
	- JHS Svendgaard Hygiene Products Limited	–	5,429,089	–
		(–)	(–)	(–)
(ii)	Loans Repaid:			
	- JHS Svendgaard Hygiene Products Limited	–	1,600,000	–
		(–)	(–)	(–)
	- Nikhil Nanda	48,883,943	–	–
		(1,906,200)	(–)	(–)

Notes to the Financial Statements For the year ended March 31, 2012 *(Continued)*

S No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence	Subsidiary Companies
e.	Loans & Advances:			
(i)	Loans and Advances given (including security deposits):			
	- JHS Svendgaard Dental Care limited	–	–	483,788
		(–)	(–)	(1,350,000)
	- JHS Svendgaard Mechanical & Warehouse Private Limited (Formerly Known as JHS Svendgaard Entertainment Private Limited)	–	40,030,000	–
		(–)	(–)	(–)
	- Number One Real Estate Private Limited	–	900,000	–
		(–)	(–)	(–)
(ii)	Repayment received:			
	- JHS Svendgaard Hygiene Products Limited	–	1,850,000	–
		(–)	(–)	(–)
	- JHS Svendgaard Dental Care Private Limited	–	–	3,692,838
		(–)	(–)	(–)
f.	Investment made:			
	- JHS Svendgaard Dental Care Private Limited	–	–	3,599,050
		(–)	(–)	(–)
g.	Provision on investment			
	- JHS Svendgaard Dental Care Private Limited	–	–	674,793
		(–)	(–)	–
h.	Bad debts written off:			
	- JHS Svendgaard Dental Care Limited	–	–	–
		(–)	(–)	(93,353)
i.	Corporate guarantees given:			
	- JHS Svendgaard Hygiene Products Limited	–	–	–
		(–)	(186,000,000)	(–)
	- Waves Hygiene Products	–	–	–
		(–)	(250,000,000)	(–)
j.	Corporate guarantees released:			
	- JHS Svendgaard Hygiene Products Limited	–	51,685,271	–
		(–)	(–)	(–)
	- Waves Hygiene Products	–	250,000,000	–
		(–)	(–)	(–)
k.	Equity shares issued on preferential basis:			
	- Nikhil Nanda	48,875,000	–	–
		(3,000,000)	(–)	(–)

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

S No.	Transactions	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and their relatives exercise significant influence	Subsidiary Companies
a.	Payables			
(i)	Unsecured Loan:			
	- Mr. Nikhil Nanda	6,198,525	–	–
		(14,000,000)	(–)	(–)
	- JHS Svendgaard Hygiene Products Limited	–	3,579,089	–
		(–)	(–)	(–)
(ii)	Trade Payables:			
	- Dr. Fresh Inc., USA	–	12,926,391	–
		(–)	(9,300,728)	(–)
	- JHS Svendgaard Hygiene Products Limited	–	4,196,219	–
		(–)	(3,946,219)	(–)
(iii)	Other liabilities:			
	- Nikhil Nanda	1,441,925	–	–
		(1,350,574)	(–)	(–)
	- Gopal Krishna Nanda	90,000	–	–
		(–)	(–)	(–)
b.	Receivables:			
(i)	Loans & advances (including security deposits):			
	- JHS Svendgaard Dental Care limited	–	–	–
		(–)	(–)	(3,209,050)
	- Jones H Smith, FZE	–	–	1,505,722
		(–)	(–)	(1,505,722)
	JHS Svendgaard Mechanical & Warehouse Private Limited (Formerly Known as JHS Svendgaard Entertainment Private Limited)	–	40,030,000	–
		(–)	(–)	(–)
	- Number One Real Estate Private Limited	–	900,000	–
		(–)	(–)	(–)
	- Sunehari Exports Limited	–	436,125	–
		(–)	(–)	(–)
(ii)	Trade receivables:			
	- Dr. Fresh Inc., USA	–	178,428,746	–
		(–)	(11,837,348)	(–)
	- Sunehari Exports Ltd.	–	9,714	–
		(–)	(–)	(–)
	- JHS Svendgaard Hygiene Care Limited	–	1,724,520	–
		(–)	(–)	(–)
(iii)	Interest accrued on loans granted			
	JHS Svendgaard Mechanical & Warehouse Private Limited (Formerly Known as JHS Svendgaard Entertainment Private Limited)	–	3,322,459	–
		(–)	(–)	(–)

S No.	Transactions	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and their relatives exercise significant influence	Subsidiary Companies
c.	Investments:			
	- JHS Svendgaard Hygiene Products Limited	–	500,000	–
		(–)	(500,000)	(–)
	- Jones H Smith, FZE	–	–	1,088,330
		(–)	(–)	(1,088,330)
	- JHS Svendgaard Dental Care Limited	–	(–)	3,899,010
		(–)	(–)	(299,960)
(ii)	Diminution in investments:			
	- JHS Svendgaard Dental Care Limited	–	–	974,753
		(–)	(–)	(299,960)
d.	Corporate guarantees:			
	- JHS Svendgaard Hygiene Products Limited	–	134,314,729	–
		(–)	(186,000,000)	(–)
	- Waves Hygiene Products	–	–	–
		(–)	(250,000,000)	(–)

35. OBLIGATION ON LONG TERM, CANCELABLE OPERATING LEASE:)

The company has entered into various cancelable operating leases. Rental expense paid during the year ended is ₹ 2,590,686 (March 31, 2011: ₹ 2,798,026).

36. EARNINGS PER SHARE

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

S No.	Particulars	Units	Year ended March 31, 2012	Year ended March 31, 2011
A	(Loss)/Profit after Tax	₹	(36,404,561)	60,134,924
B	Weighted average no. of equity shares	Nos.	16,907,930	14,514,391
	Add: Dilutive potential equity shares	Nos.	20,492	–
C	Number of equity shares for Dilutive EPS	Nos.	16,928,422	14,514,391
	Nominal value per share	₹	10	10
	Basic Earnings Per Share (A/B)	₹	(2.15)	4.14
	Diluted Earnings Per Share (A/C)	₹	(2.15)	4.14

37. AUDITOR'S REMUNERATION INCLUDES*

(Amount in ₹)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Statutory Audit fees	561,800	551,500
Tax Audit fees	140,450	137,875
Other Matter		
- Limited Review	222,520	226,115
- Certification fees	39,488	29,343
- Out of Pocket Expenses	151,176	132,452
Total	1,115,434	1,077,285

**Including service tax, where applicable*

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

39. TRANSACTIONS IN FOREIGN CURRENCY (Amount in ₹)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Expenditure		
Travelling	487,340	341,989
Total	487,340	341,989
Earnings		
FOB value of exports	289,091,086	19,507,788
Total	289,091,086	19,507,788

40. Derivative Instruments and Unhedged foreign currency exposures as on March 31, 2012 are:

(a) Interest rate swaps

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

(b) Particulars of Unhedged foreign currency exposure as on March 31, 2012

S No.	Particulars	As at March 31, 2012 (₹)	As at March 31, 2012 (Foreign Currency)
a.	Receivable in Foreign Currency		
(i)	Sundry Debtors	296,957,553 (27,354,934)	USD 5,715,686 (USD 616,120)
(ii)	Advance to Suppliers	17,087,804 (-)	USD 3,772,556 (-)
	Total	314,045,357 (27,354,934)	USD 9,488,282 (USD 6,16,120)
b.	Payable in Foreign Currency		
(i)	Sundry Creditors	18,765,534	USD 369,977
		3,240,067	Euro 51,284
		(27,112,300)	(USD 607,226)
(ii)	Foreign Currency Loan	206,317,575 1,55,051,544 (324,684,602)	USD 4,033,066 EUR 2,268,815 (USD 7,271,771)
	Total	383,374,720 (35,17,96,902)	USD 4,403,043 EUR 2,318,099 (USD 7,878,997)

**figures in bracket pertain to previous year.*

41. DETAILS OF CONSUMPTION AND PURCHASES

a. Purchases of Traded Goods (Amount in ₹)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Infectiguard	2,199,406	8,398,935
Tooth Brush	391,079,393	366,983,680
TOTAL	393,278,799	375,382,615

b. Raw Material and Packing Material Consumed (Amount in ₹)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Nylon Bristles	23,566,251	31,508,845
Anchor Wire	8,729,703	11,979,462
Plastic Granules	121,929,900	143,090,145
Packing/Other material	79,713,140	37,643,542
TOTAL	233,938,994	224,221,994

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

Particulars	As on March 31, 2012		As on March 31, 2011	
	% age	Value (₹)	% age	Value (₹)
Raw Material (including packing material)				
Imported	8.45	19,767,227	8.86	33,476,913
Indigenous	91.55	214,171,707	91.14	344,271,452
TOTAL	100.00	233,938,994	100.00	377,748,365

d. Value of Imported and Indigenous Stores and Spares consumed

Particulars	As on March 31, 2012		As on March 31, 2011	
	% age	Value (₹)	% age	Value (₹)
Stores & Spares				
Imported	–	–	–	–
Indigenous	100.00	65,55,324	100.00	1,280,545
TOTAL	100.00	65,55,324	100.00	1,280,545

e. Value of Imports on CIF basis

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Raw Material	19,767,227	33,476,913
Capital Goods	216,850,380	6,978,662

42. DISCLOSURE IN RESPECT OF LOANS AND ADVANCES PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT

(Amount in ₹)

Particulars	As on March 31, 2012	
	Jones H. Smith, FZE	JHS Svendgaard Dental Care Limited
Loans advanced during the year	–	390,000
	(–)	(1,350,000)
Loans repaid during the year	–	3599,050
	(–)	(–)
Maximum Outstanding during the year	1,505,722	3,899,010
	(1,505,722)	(3,209,050)
Investments	1,088,330	3,899,010
	(1,088,330)	(299,960)

**figures in bracket pertain to previous year*

43. The company has converted Nil (March 31, 2011: 100,000) convertible warrants issued on preferential basis at a price of ₹ Nil (March 31, 2011: ₹ 30) per warrant into Equity Shares of face value of ₹ Nil (March 31, 2011: ₹ 10 per share) at a premium of ₹ Nil (March 31, 2011: ₹ 20 per share).

44. The Board of Directors has not recommended any dividend on equity shares for financial year 2011-12.

45. REMITTANCE IN FOREIGN CURRENCIES FOR DIVIDEND

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

Particulars	Number of Shareholders	Number of Equity Shares held	Gross Amount of of Dividend (Amount in ₹)	
			Year ended March 31, 2012	Year ended March 31, 2011
Non-Resident Share holder	126	210,969	158,227	41,242
FII	3	2,693,589	2,020,192	307,290
Foreign Nationals	1	1,000	750	NIL
TOTAL	130	2,905,558	2,179,169	348,532

Final dividend for 2010-11 declared on December 31, 2011

Notes to the Financial Statements For the year ended March 31, 2012 *(Continued)*

46. DETAILS OF SALE OF PRODUCTS:

(Amount in ₹)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Toothbrush	534,593,616	820,481,132
Other products	392,489,970	34,151,820
TOTAL	927,083,586	854,632,952

47. In the opinion of the management all transactions with the related parties are made on the basis of arm length price and / or at comparatives/ benefit assessment basis. The Report of Chartered Accountant under section 92E (Transfer Pricing) of the Income Tax Act, 1961 will be submitted along with the Income Tax Return. The Company is in process of updating records for this purpose. The Company does not expect liability. Also Intercompany balances are in agreement with the balances of respective companies. The transfer pricing audit for the year ended March 31, 2011 has been completed, which did not result in any adjustment.

48. The financial statements for the year ended March 31, 2011 had been prepared as per the applicable, pre-revised Schedule VI to the Companies Act, 1956 ('the Act'). During the year, the revised Schedule VI notified under the Act has become applicable to the Company. Accordingly, the Company has reclassified previous year figures to conform to the current year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principle followed for preparation of financial statements. However, it has a significant impact on presentation and disclosures made in the financial statements.

For and on behalf of board of directors of
JHS Svendgaard Laboratories Limited

Sd/-	Sd/-	Sd/-	Sd/-
Nikhil Nanda	Rakesh Sharma	Ashish Goel	Tarun Chhabra
Managing Director	*Director*	*CFO*	*Company Secretary*

Place: New Delhi
Date : May 26, 2012

Consolidated Financial statement

Consolidated Auditors' report

To
The Members of
JHS Svendgaard Laboratories Limited

1. We have audited the attached Consolidated Balance Sheet of JHS Svendgaard Laboratories Limited ('the Company'), and its Subsidiaries (collectively referred as the 'Group') as at March 31, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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

3. We did not audit the financial statements of subsidiaries whose financial statements reflect total assets of ₹258,581,667 as at March 31, 2012, total net revenues of ₹338,000,235 for the year ended. These financial statements and other financial information have been audited by the other auditors whose reports have been furnished to us, and our opinion is based solely on report of other auditors.

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

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;

   (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

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

Place: New Delhi
Date: May 26, 2012

Consolidated Balance Sheet As at March 31, 2012

(Amount in ₹)

	Note	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	175,500,070	145,500,070
Reserves and surplus	4	968,691,797	699,810,143
		1,144,191,867	845,310,213
Deferred government grant	5	2,700,000	–
Non-current liabilities			
Long term borrowings	6	266,884,189	150,598,449
Deferred tax liabilities (net)	7	23,126,536	–
Long term provisions	8	3,460,152	834,418
		293,470,877	151,432,867
Current liabilities			
Short term borrowings	9	330,719,930	267,993,495
Trade payables	10	457,411,246	157,863,243
Other current liabilities	11	98,826,275	112,499,159
Short term provisions	8	230,709	35,126,275
		887,188,160	573,482,172
Total		2,327,550,904	1,570,225,252
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12(a)	518,351,502	576,504,153
- Intangible assets	12(b)	1,581,783	2,483,801
- Capital work in progress	12(c)	244,483,953	2,085,918
Non-current investments	13	500,000	500,000
Deferred tax assets (net)	7	–	3,857,387
Long Term loan and advances	14	305,391,290	132,264,432
		1,070,308,528	717,695,691
Current assets			
Inventories	15	132,171,681	200,971,558
Trade receivables	16	1,024,630,581	547,546,002
Cash and bank balances	17	7,630,397	15,702,069
Short term loans and advances	18	89,387,642	88,309,932
Other current assets	19	3,422,075	–
		1,257,242,376	852,529,560
Total		2,327,550,904	1,570,225,252
Summary of significant accounting policies	2		

The notes form an integral part of the financial statements.

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

For and on behalf of board of directors of
JHS Svendgaard Laboratories Limited

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Raj Kumar Agarwal	**Nikhil Nanda**	**Rakesh Sharma**	**Ashish Goel**	**Tarun Chhabra**
Partner	*Managing Director*	*Director*	*CFO*	*Company Secretary*
Membership No.: 074715				

Place: New Delhi
Date : May 26, 2012

Consolidated Statement of Profit and Loss For the year ended March 31, 2012

(Amount in ₹)

	Note	Year ended March 31, 2012	Year ended March 31, 2011
Income			
Revenue from operations (gross)	20	1,267,206,788	1,279,676,061
Less: Excise duty		1,186,591	2,721,965
Revenue from operations (net)		1,266,020,197	1,276,954,096
Other income	21	8,605,812	16,567,872
Total revenue		**1,274,626,009**	**1,293,521,968**
Expenses			
Cost of materials consumed	22	240,624,958	225,834,918
Purchase of traded goods		653,622,980	713,811,169
(Increase) / decrease in inventories of finished goods work-in-progress and traded goods	23	33,783,446	(27,849,403)
Employee benefit expense	24	51,284,839	39,794,843
Finance cost	25	61,145,423	35,334,112
Depreciation, amortization and impairment	26	73,744,988	69,538,814
Other expenses	27	127,090,818	96,061,571
Total expenses		1,241,297,452	1,152,526,024
Profit/(loss) before prior period items and tax		33,328,557	140,995,944
Prior period (income)/ expense (net)	28	760,214	3,608,514
Profit /(loss) before tax		32,568,343	137,387,430
Tax expense			
- Current tax		–	164,00,000
- Deferred tax (benefit) / charge (Refer note 7)		(947,772)	(1,111,301)
- Tax for earlier years		(4,417,116)	–
- Deferred tax for earlier years (Refer note 7)		26,849,402	–
Total tax expense		21,484,514	15,288,699
Profit /(loss) for the year		11,083,829	122,098,731
Earnings per share (in ₹):			
(nominal value of ₹ 10 per share)			
- Basic EPS	35	0.66	8.41
- Diluted EPS		0.65	8.41
Summary of significant accounting policies	2		

The notes form an integral part of the financial statements.

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

For and on behalf of board of directors of
JHS Svendgaard Laboratories Limited

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Raj Kumar Agarwal	**Nikhil Nanda**	**Rakesh Sharma**	**Ashish Goel**	**Tarun Chhabra**
Partner	*Managing Director*	*Director*	*CFO*	*Company Secretary*
Membership No.: 074715				

Place: New Delhi
Date : May 26, 2012

Consolidated Cash Flow Statement For the year ended March 31, 2012

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
A. Cash flow from operating activities		
Profit before prior period items and tax	33,328,557	140,995,944
Adjustments for:		
Depreciation, amortisation and impairment	73,744,988	69,538,814
Interest income	(3,489,156)	(129,557)
Government grant amortisation (income)	(300,000)	–
Prior period expenses	(22,027)	(5,760)
Excess provision written back	–	284,360
Wealth tax provision made/(write back)	(30,000)	34,063
Loss on sale of fixed assets	1,010,755	18,848
Advance from customers written back	(1,599,510)	–
Provision for doubtful debts written back	(967,332)	–
Bad debts written off	11,368,019	–
Creditors written off	(618,456)	–
Provision for doubtful advances	845,229	–
Provision for diminution in value of investment	674,793	–
Unrealised loss on foreign exchange on debtors and creditors	8,166,185	920,334
Unrealised loss/ (gain) on foreign exchange on borrowings	13,502,588	(3,124,358)
Interest and financial charges	61,083,051	37,102,589
Operating profit before working capital changes	**196,697,684**	**245,635,277**
Adjustment for:		
Decrease/ (increase) in inventories	69,862,435	(35,199,629)
Increase in debtors	(467,720,840)	(114,985,331)
Decrease/ (increase) in loans and advances	3,992,615	(27,686,882)
Increase in long term loans and advances	(173,972,087)	(7,409,489)
Increase in trade payables	291,982,047	(50,376,891)
Increase in provisions	1,560,192	9,862,278
(Increase)/ decrease in current liabilities	(23,238,538)	1,177
Cash generated from operations	(100,836,492)	19,840,510
Taxes refund (net)	(16,667,197)	(6,439,670)
Net Cash (used)/generated from operating activities	**(117,503,689)**	**13,400,840**
B. Cash flow from investing activities		
Purchase of fixed assets including capital advances	(262,179,002)	(23,399,882)
Sale of fixed assets	4,038,371	749,691
Foreign exchange movement in fixed assets	–	(3,005,200)
Maturity of investment in fixed deposits of more than three months	831,893	(1,265,031)
Purchase of Investments	–	–
Interest income received	67,081	129,557
Net Cash used in Investing Activities	**(257,241,657)**	**(26,790,865)**

Consolidated Cash Flow Statement For the year ended March 31, 2012 *(Continued)*

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
C. Cash flow from financing activities		
Purchase of fixed assets including capital advances	270,685,430	3,000,000
Government grant received	3,000,000	–
Proceeds from long term borrowings	105,260,300	31,401,549
Dividend Paid	(12,686,629)	(9,308,046)
Proceeds from short term borrowings	60,797,755	34,099,847
Interest and financial charges paid	(59,761,688)	(37,187,951)
Net Cash Flow from financing activities	**367,295,168**	**22,005,399**
Net (decrease) / increase in Cash and Cash Equivalents (A+B+C)	**(7,450,178)**	**8,615,374**
Opening balance of Cash and Cash Equivalents	12,985,741	4,302,156
Effect of exchange differences on translation of foreign currency cash flows	210,399	68,212
Closing balance of Cash and Cash Equivalents	**5,745,962**	**12,985,741**

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

ii. The above Cash flow statement has been prepared under the indirect method set out in AS-3 the Companies (Accounting Standard) Rules, 2006 (as amended).

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

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

Place: New Delhi
Date : May 26, 2012

For and on behalf of board of directors of
JHS Svendgaard Laboratories Limited

Sd/-	Sd/-	Sd/-	Sd/-
Nikhil Nanda	**Rakesh Sharma**	**Ashish Goel**	**Tarun Chhabra**
Managing Director	*Director*	*CFO*	*Company Secretary*

1. BACKGROUND

JHS Svendgaard Laboratories Limited ("The Company") domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in manufacturing a range of oral and dental products for elite national and international brands. The main portfolio of the company is to carry out manufacturing, exporting, importing and trading of oral care and hygiene products including toothbrushes, toothpastes, mouthwash, denture tablets, sanitizers etc.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of Financial Statements

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

b. Principles of Consolidation

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

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

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

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

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

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

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

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

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

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

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

c. Use of estimates

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

d. Tangible fixed assets

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

e. Intangible fixed assets

Intangible Fixed Assets are stated at cost, less accumulated amortization and are amortized over a period of five years. All costs relating to upgradation/enhancements are generally charged off as revenue expenditure unless they bring significant additional benefits of enduring nature.

f. Capital work-in-progress

Capital work-in-progress comprises cost of acquired or self generated tangible fixed assets that are not yet ready for their intended use at the balance sheet date.

g. Depreciation and Amortization

Depreciation

Depreciation on tangible fixed assets is provided at minimum rates prescribed in Schedule XIV of the Companies Act, 1956 on straight line basis on pro rata basis from the respective number of days after addition/ before discard or sale of fixed assets by leaving residual value of ₹ 1 except in case of moulds and dies which are depreciated over the useful life of five Years as estimated by the management. Individual assets costing ₹5,000 or less are fully depreciated in the year of purchase.

Amortization

Intangible assets comprise of computer software and are amortized over a period of five years.
All Intangible assets costing to ₹ 5,000 or below are amortized in full by way of a onetime amortization charge.
Depreciation/amortization method, useful lives and residual values are reviewed at each balance sheet date.

h. Impairment of tangible and intangible assets

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

i. Inventories

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

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

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

j. Revenue recognition

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

Sale of goods

Revenue from sale of goods is recognized on transfer of significant risk and rewards of ownership to the customer. Revenue is net of Sales Tax, Value Added Tax and applicable discounts and allowances.

Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend Income

Dividend is recognized when the company's right to receive dividend is established by the reporting date.

Export Incentives

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

Sale of Scrap

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

k. Borrowing Cost

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

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

l. 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 retranslated using the exchange rate prevailing at the reporting date. 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 expense.

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 recognized as income or as expenses in the year in which they arise.

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

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 recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

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.

m. Investments

Investments which are readily realisable and are intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments, even though they may be readily marketable. The cost of an investment includes acquisition charges such as brokerage, fees and duties.

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

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

n. 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 recognized in the statement of profit and loss in the period in which the employee renders the related service.

Long term employee benefits:

I. Defined contribution plans:

Provident Fund Contribution:

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

Employee State Insurance Contribution:

The Contributions for Employee State Insurance are deposited with the appropriate government authorities and are recognized in the statement of profit and loss in the financial year to which they relate.

II. Defined Benefit Plans:

Gratuity:

The Company provides for retirement benefits in the form of Gratuity. The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which 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 recognized immediately in the statement of profit and loss.

III. Other long term employee benefits:

Earned leave encashment:

Liability for earned leave encashment payable to employees with respect to accumulated leaves outstanding at the year end is provided for based on the actuarial valuation using the projected unit cost method.

o. Accounting for taxes on income

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

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

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

p. Government grant

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

(a) where there is reasonable assurance that the enterprise will comply with the conditions attached to them; and

(b) where such benefits have been earned by the enterprise and it is reasonably certain that the ultimate collection will be made. Grants related to depreciable assets are treated as deferred income which is recognized in the statement of profit and loss on a systematic and rational basis over the remaining period of life of the assets. Grants related to non-depreciable assets are credited to capital reserve.

q. Provisions, Contingent Liabilities and Contingent Assets

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

r. Earnings per share

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

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

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

s. Leases

Operating lease

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

Finance lease

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

t. Cash Flow Statement

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

3. SHARE CAPITAL

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

Particulars	March 31, 2012		March 31, 2011	
	Numbers	Amount in ₹	Numbers	Amount in ₹
Authorised shares				
Equity shares of ₹ 10/- each (March 31, 2011 : ₹ 10/-)	18,000,000	180,000,000	18,000,000	180,000,000
Issued, subscribed and fully paid up shares				
Equity shares of ₹ 10/- each (March 31, 2011 : ₹ 10/-)	17,550,007	175,500,070	14,550,007	145,500,070

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

Particulars	March 31, 2012		March 31, 2011	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of the year	14,550,007	145,500,070	14,450,007	144,500,070
Add : Issued during the year on preferential basis	3,000,000	30,000,000	–	–
Add: Conversion of warrants issued on preferential basis (Refer note 38)	–	–	100,000	1,000,000
Outstanding at the end of the year	17,550,007	175,500,070	14,550,007	145,500,070

b) Terms/rights attached to equity shares

Voting

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

Dividends

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting, except in the case where interim dividend is distributed. During the year ended March 31, 2012 the amount of per share dividend recognised as distributions to equity shareholders is ₹ Nil (March 31, 2011: ₹ 0.75 /-)

Liquidation

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

c) c) No shares have been allotted as fully paid up pursuant to any contract(s) without payment being received in cash, allotted as fully paid up by way of bonus shares or bought back.

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

	March 31, 2012			March 31, 2011		
	Numbers	Amount in ₹	% held	Numbers	Amount in ₹	% held
Equity share of ₹ 10 each fully paid						
Nikhil Nanda*	5,885,520	58,855,200	33.54%	5,385,520	53,855,200	37.01%
Tano Mauritius India FVCI	2,500,000	25,000,000	14.25%	–	–	0.00%
Sushma Nanda	808,533	8,085,330	4.61%	808,533	8,085,330	5.56%

** Includes 500,000 shares allotted through board meeting held on March 31, 2012, however listing in stock exchange is still pending.*

4. RESERVES AND SURPLUS

4.1 Capital reserves (forfeiture of equity share warrant) (Amount in ₹)

	March 31, 2012	March 31, 2011
Balance as per last financials	230,000	230,000
Add: Transferred during the year	–	–
Closing balance (A)	230,000	230,000

4.2 Securities premium (Amount in ₹)

	March 31, 2012	March 31, 2011
Opening balance	410,404,768	408,404,768
Add: Premium on issue of equity shares on preferential basis*	263,250,000	2,000,000
Less : Amount utilized towards issue of equity shares on preferential basis #	22,564,570	–
Closing balance (B)	651,090,198	410,404,768

** Premium on issue of shares during the year.*
 # Premium utilised for writing off share issue expenses

4.3 Foreign currency translation reserve (Amount in ₹)

	March 31, 2012	March 31, 2011
Foreign currency translation reserve	17,182,153	(337,745)
Closing balance (C)	17,182,153	(337,745)

4.4 General reserves (Amount in ₹)

	March 31, 2012	March 31, 2011
Balance as per last financials	667,750	3,672,950
Add: Amount transferred from surplus balance in the statement of profit & loss	–	(3,005,200)
Closing balance (D)	667,750	667,750

4.5 Minority Interest	200,040	200, 040

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

	March 31, 2012	March 31, 2011
Balance as per last financials	288,645,330	181,166,910
Add: Profit / (loss) for the year from statement of Profit and Loss	11,083,829	122,098,732
Add: Provision for diminution in the value of investments	674,793	299,960
Less: Deferred tax assets provision written back	1,082,292	–
Less: Appropriations		
- Proposed equity dividend (Note a)	–	12,837,505
- Tax on Proposed equity dividend	–	2,082,767
Closing balance (E)	299,321,656	288,645,330
Total Reserves and Surplus (A+B+C+D+E)	968,691,797	699,810,143

Note a: The Company has proposed equity dividend for the year 2011-12 of ₹ Nil per equity share (March 31, 2011 ₹ 0.75/- per equity share) for equity shares having par value of ₹ 10/-.

5. DEFERRED GOVERNMENT GRANT

(Amount in ₹)

	March 31, 2012	March 31, 2011
Government grant received #	3,000,000	–
Less: Current year amortisation over the balance life of the assets (Refer note 21)	300,000	–
Closing balance	2,700,000	–

 # During the year the company has received capital subsidy under the Central Capital Investment Subsidy Scheme, 2003 of the Government of India. The subsidy received is to be amortised over the balance useful life of the assets being 10 years.

6. LONG TERM BORROWINGS

(Amount in ₹)

Particulars	Non current portion		Current portion	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Indian rupee loan from banks (term loan)	30,774,086	30,741,511	–	–
Foreign currency loan from banks (buyers credit)	164,129,265	–	–	–
Foreign currency loan from banks (External Commercial Borrowings (ECB) and Foreign Currency Term Loan (FCTL))	66,298,824	115,732,800	66,298,824	57,866,400
	261,202,175	146,474,311	66,298,824	57,866,400
Vehicle loans	5,682,014	4,124,138	2,271,994	1,989,598
	266,884,189	150,598,449	68,570,818	59,855,998
Amount disclosed under the head Other Liabilities (Refer note 11)	–	–	(68,570,818)	(59,855,998)
Net amount	266,884,189	150,598,449	–	–

Particulars	Indian rupee loan from banks (term loan)	Foreign currency loan from banks (buyers credit)	Foreign currency loan from banks (External Commercial Borrowings (ECB))	Foreign Currency Term Loan (FCTL)
Rate of interest	3.25% over Base Rate plus Tenor Premium 0.75%	6 months LIBOR Plus Applicable Margin	LIBOR is hedged @ 2.98% Plus 1.50% as Margin	LIBOR is hedged @ 2.98% Plus 1.60% as Margin
Repayment terms	20 quarterly installments of ₹ 9,715,000 each from April, 2013.	20 quarterly installments of ₹ 9,715,000 each from April, 2013.	10 Semi annual installments of USD 496,000 each from August 27, 2009.	10 Semi annual installments of USD 152,000 each from July 31, 2009.
Security	A. Exclusive charge on movable and non-movable assets financed by bank. B. First pari passu charge on uncharged net block and Second charge on current assets of the company. C. Collateral Security to the following properties of the Company mortgaged with ICICI Bank: - Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas - Khasra no.89 measuring 4.18 bighas - Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas - Khata no. 85/1, measuring 4 bighas - Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala-Amb, Tehsil Nahan, District Sirmour, HP (total land measuring 19.04 bighas) in the name of Company. D. Pledge of 500,000 shares (valued ₹ 500 lacs approx.) in the name of Mr. Nikhil Nanda, Managing Director of the Company.		A. Exclusive charge on all the movable fixed assets of the Company being financed by the facility. B. First Charge on all the immovable (subject to RBI approval) fixed assets of the Company being financed by the facility. C. Equitable mortgage of the following properties: -Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas -Khasra no. 89 measuring 4.18 bighas Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas -Khata no. 85/1, measuring 4 bighas -Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala-Amb, Tehsil Nahan, District Sirmour, HP (total land measuring 19.04 bighas) in the name of Company (subject to RBI approval). D. Second Charge on the current assets of the Company. E. Personal guarantee of Mr. Nikhil Nanda limited to the value of 2,755,002 shares of JHS Svendgaard Laboratories Limited.	A. Exclusive charge on all the movable fixed assets of the Company under Noida SEZ Unit, both present and future. B. First charge on the current assets of the Company pari passu with ICICI Bank Limited. C. Personal guarantee of Mr. Nikhil Nanda limited to the value of 2,755,002 shares of JHS Svendgaard Laboratories Limited.

Vehicle loans are secured against hypothecation of specific vehicles.

7. DEFERRED TAX LIABILITIES/(ASSETS) (NET)

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the deferred tax liabilities of ` 25,901,630 has been recognised as charge in the statement of profit and loss. The effect of significant timing differences as at March 31, 2012 that reverse in one or more subsequent years give rise to the following net deferred tax liability as at 31 March, 2012.

Deferred tax assets and liabilities are attributable to the following

(Amount in ₹)

	March 31, 2012	Benefit/ (Charge) for the year	March 31, 2011
Deferred tax liability			
On account of written down value of fixed assets as per the Income Tax Act, 1961 and total of net block of tangible and intangible fixed assets as per financial statements	34,662,114	29,645,942	5,016,172
Total deferred tax liability	34,662,114	29,645,942	5,016,172
Deferred tax assets			
Provision for bonus	17,331	9,800	27,131
Provision for doubtful debts	885,825	351,809	1,237,634
Provision for obsolete stock	2,059,243	–	2,059,243
Provision for gratuity	676,112	(676,112)	–
Interest disallowed	2,243	(2,243)	–
Unabsorbed depreciation and business loss	–	1,156,238	1,156,238
Unrealised exchange loss on capex loans	7,894,824	(3,501,511)	4,393,313
Total deferred tax assets	11,535,578	(2,662,019)	8,873,559
Deferred tax liabilities/(assets) (net)	23,126,536	26,983,923*	(3,857,387)

** ₹ 26,983,923 is net deferred tax charge. This is inclusive of deferred tax charge amounting to ₹ 26,849,402 related to earlier years, deferred tax credit amounting to ₹ 947,772 for the year and reversal of deferred tax amounting to ₹ 1,082,292 on unabsorbed business losses and depreciation of JHS Dental Care Limited.*

8. PROVISIONS

(Amount in ₹)

Particulars	Long-term		Short-term	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Provision for employee benefits				
Provision for gratuity	2,493,388	834,418	102,379	36,420
Provision for leave benefits	966,764	–	128,330	
Other provisions				
Provision for taxation [Net of advance tax & tax at source aggregating to ₹ Nil (March 31, 2011 ₹ 1,369,343)]	–	–	–	20,227,833
Proposed dividend	–	–	–	12,779,255
Provision for tax on proposed dividend	–	–	–	2,082,767
	3,460,152	834,418	230,709	35,126,275

9. SHORT TERM BORROWINGS

(Amount in ₹)

	March 31, 2012	March 31, 2011
Secured		
Loan repayable on demand		
- Cash credit from banks in Indian rupee	255,230,193	68,898,512
- Buyers credit from banks in foreign currency	6,932,359	–
- Packing credit from banks in foreign currency	57,709,843	151,085,403
Unsecured		
- 16.25% loan from Pinkhem Investment Company Private Limited	–	19,000,000
- 10% loan from Anmol Finpro Private Limited	–	7,500,000
- 10% loan from Perfect Homfin Private Limited	–	2,500,000
- Interest free loan from director repayable on demand (Refer note 33)	6,198,525	14,028,000
- Interest free loan from related parties repayable on demand (Refer note 33)	4,649,010	4,981,580
	330,719,930	267,993,495

Particulars	Cash credit from bank in Indian rupee (ICICI Bank) , Buyers credit and Packing credit from banks in foreign currency	Cash credit from bank in Indian rupee (Bank of India)
Rate of interest	Cash credit from bank in Indian rupee (ICICI Bank)- Base rate plus applicable margin. Buyers credit and Packing credit from banks in foreign currency-6 months LIBOR Plus Applicable Margin.	Base rate plus applicable margin.
Rate of interest	Cash credit from bank in Indian rupee (ICICI Bank)- Base rate plus applicable margin. Buyers credit and Packing credit from banks in foreign currency-6 months LIBOR Plus Applicable Margin	Base rate plus applicable margin.
Security	A. First charge in favour of the bank by the way of hypothecation of the Company's entire stock of raw materials, semi-finished and finished goods, consumable stores, packing material and spares and such other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank pari passu with ICICI Bank Ltd. SEEPZ OBU and Bank of India. B. Second Charge on the following properties: - Khata Khatauni No. 13/14, Khasra No. 420/353 measuring 2.05 bighas - Khasra no.89 measuring 4.18 bighas - Khata Khatauni No. 6/6, Khasra No. 179/82 measuring 3.15 bighas - Khata no. 85/1, measuring 4 bighas - Khata Khatauni No. 27/28, Khasra No. 418/67 measuring 4.60 bighas situated at Mouza Kheri, Kala-Amb, Tehsil Nahan, District Sirmour, Himachal Pradesh measuring 19.04 bighas (subject to RBI approval) also sharing second charge with Bank of India-for working capital facilities. C. Pledge of 3,255,002 shares of JHS Svendgaard Laboratories Limited.	A. First pari passu charge on current assets of the Company by the way of hypothecation. B. Second pari passu charge on fixed assets on reciprocal basis.

10. TRADE PAYABLES

(Amount in ₹)

	March 31, 2012	March 31, 2011
Trade payables (Refer note 36 for details of dues to Micro Small & Medium Enterprises)	457,411,246	157,863,243
	457,411,246	157,863,243

11. OTHER CURRENT LIABILITIES

(Amount in ₹)

	March 31, 2012	March 31, 2011
Current maturities of long-term borrowings (Refer note 6)	68,570,818	59,855,998
Interest accrued but not due on borrowings	2,770,682	1,775,890
Interest accrued and due on borrowings	303,257	–
Book Overdraft	283,087	13,998,628
Creditors for fixed assets	11,453,293	13,911,579
Advance received from customers	3,470,000	11,017,895
Expenses payables (Refer note 36)	10,781,724	9,810,214
Unclaimed dividend on equity shares	171,196	78,570
Others:		
- Tax deducted at Source (TDS) and Work Contract Tax (WCT) payable	738,700	776,287
- Sales tax payable	239,285	1,214,468
- Wealth tax payable	44,233	59,630
	98,826,275	112,499,159

12 (a) TANGIBLE ASSETS

(Amount in ₹)

Particulars	Gross block (at cost)				Accumulated depreciation and impairment				Net block	
	As at April 1, 2011	Additions	Disposals/ Adjustments	As at March 31, 2012	As at April 1, 2011	Depreciation for the year*	Disposals/ Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Owned assets										
Land	9,105,752	–	–	9,105,752	–	–	–	–	9,105,752	9,105,752
Factory building	126,177,457	664,480	123,971	126,717,966	9,959,075	4,229,629	12,179	14,176,525	112,541,441	116,218,382
Office building	17,116,367	–	–	17,116,367	768,775	278,872	–	1,047,647	16,068,720	16,347,592
Plant and machinery	380,716,325	1,721,982	3,266,409	379,171,898	96,699,708	28,173,655	1,128,000	123,745,363	255,426,535	284,016,617
Moulds and dies	177,058,128	8,791,740	–	185,849,868	52,376,335	35,259,011	–	87,635,346	98,214,522	124,681,793
Furniture and fixtures	14,019,317	2,598,579	409,809	16,208,087	3,561,565	2,347,301	64,992	5,843,874	10,364,213	10,457,752
Vehicles	20,151,521	5,446,994	4,350,834	21,247,681	5,702,603	2,052,638	2,084,591	5,670,650	15,577,031	14,448,918
Computers	2,584,275	393,691	335,236	2,642,730	1,356,928	379,885	147,371	1,589,442	1,053,288	1,227,347
Total tangible assets	746,929,142*	19,617,466	8,486,259	758,060,349	170,424,989*	72,720,991	3,437,133	239,708,847	518,351,502	576,504,153
Previous Year	732,869,052	1,534,022	949,044	747,054,032*	99,250,675	71,473,935	180,195	170,544,416*	576,509,616	–

* An amount of ₹124,888 and ₹119,426 pertaining to gross block and accumulated depreciation respectively has been reclassed from computers to computer software.

Depreciation for the year includes ₹ 41,521 pertaining to assets costing less than ₹ 5,000 which were not fully depreciated in prior years (Refer note 28) and impairment loss on furniture and fixtures amounting to ₹1,313,217

The impairment loss recognized during the year for furniture and fixtures is given here under:

Description	Gross block	Accumulated depreciation	Impairment loss	Net block
Furniture and fixtures	2,335,429	1,042,211	1,313,217	1

No impairment loss was recognised during the previous year.

The impairment loss has been determined using the net selling price of furniture and fixtures

12 (b) INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Gross block (at cost)				Accumulated amortisation				Net block	
	As at April 1, 2011	Additions	Disposals/ Adjustments	As at March 31, 2012	As at April 1, 2011	Amortisation for the year	Disposals/ Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Computer Software	5,320,555	163,500	–	5,484,055	2,836,754	1,065,518	–	3,902,272	1,581,783	2,483,801
Total intangible assets	**5,320,555***	**163,500**	–	**5,484,055**	**2,836,754***	**1,065,518**	–	**3,902,272**	**1,581,783**	**2,483,801**
Previous Year	5,179,122	16,545	–	5,195,667*	1,710,840	1,006,488	–	2,717,328*	2,478,339	–

12(c) CAPITAL WORK IN PROGRESS (refer note 31)

(Amount in ₹)

	As at March 31, 2012	As at March 31, 2011
	244,483,953	2,085,918

13. NON CURRENT INVESTMENTS

(Amount in ₹)

	March 31, 2012	March 31, 2011
Unquoted, non - trade investments (valued at cost)		
Others		
Investment in shares of others		
JHS Svendgaard Hygiene Products Ltd. 50,000 (March 31, 2011: 50,000) fully paid equity shares of face value of ₹ 10 each	500,000	500,000
	500,000	500,000

14. LONG TERM LOANS & ADVANCES

(Amount in ₹)

	March 31, 2012	March 31, 2011
Unsecured, considered good, unless otherwise stated		
Security Deposit		
- Unsecured, considered good	2,360,799	1,970,582
Capital advances (refer note 29)		
- Unsecured, considered good	263,000,491	130,293,850
- Unsecured, considered doubtful	845,229	–
	263,845,720	130,293,850
Less: Provision for doubtful advances	845,229	–
	263,000,491	130,293,850
Loans and advances to related parties (refer note 33)		
- Unsecured, considered good	40,030,000	–
	305,391,290	132,264,432

15. INVENTORIES * (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

(Amount in ₹)

	March 31, 2012	March 31, 2011
Raw materials	66,777,732	107,739,799
Packing material	10,149,285	7,222,288
Work-in-progress	50,129,210	11,094,296
Finished goods @	10,482,660	55,917,645
Traded Goods #	671,800	25,073,754
Stores and spares	307,867	270,649
	138,518,554	207,318,431
Provision For Obsolete Stocks	6,346,873	6,346,873
	132,171,681	200,971,558

** Inventories include material on job work which comprises of raw materials amounting to ₹ 24,872,317 (March 31, 2011: ₹ Nil), work in progress amounting to ₹ 1,679,550 (March 31, 2011: ₹ Nil) and finished goods amounting to ₹ 42,166,946 (March 31, 2011: ₹ Nil).*

@ Finished goods include excise duty amounting to ₹ 157,345 (March 31, 2011: ₹ 310,819)

 # Obsolete Stocks amounting ₹ 8,452,963 have been written off from the books (March 31, 2011: ₹ Nil)

16. TRADE RECEIVABLES

(Amount in ₹)

	March 31, 2012	March 31, 2011
Outstanding for a period less than six months from the date they are due for payment		
Unsecured and considered good	893,916,520	517,928,650
	893,916,520	517,928,650
Outstanding for a period exceeding six months from the date they		
are due for payment		
Unsecured and considered good *	130,714,061	29,617,352
Unsecured and considered doubtful	2,847,229	3,814,560
	133,561,290	33,431,912
Less: Provision for doubtful debts	2,847,229	3,814,560
	130,714,061	29,617,352
	1,024,630,581	547,546,002

** Includes amount due from related parties. (Refer note 33)*

17. CASH AND BANK BALANCES

(Amount in ₹)

	March 31, 2012	March 31, 2011
Cash and cash equivalents		
Balances with banks		
- Current accounts	1,003,297	12,308,835
- Deposits with original maturity of less than three months	132,936	126,207
- Unclaimed dividend amount	171,196	78,570
- Cash on hand	4,438,533	472,129
	5,745,962	12,985,741
Other bank balances		
Margin money	827,594	15,000
Deposits with original maturity of more than three months but realisable within twelve months from balance sheet date	1,056,841	2,701,328
	1,884,435	2,716,328
	7,630,397	15,702,069

Margin money deposits with a carrying amount of ₹ 827,594 (March 31, 2011: ₹ 15,000) against bank guarantees includes ₹ 327,594 as 100% margin in favour of sales tax authorities for the assessment year 2006-07 and includes ₹ 500,000 as 10% margin of ₹ 5,000,000 submitted in favour of Central excise and custom authorities NSEZ Noida (UP).

18. SHORT TERM LOANS AND ADVANCES

(Amount in ₹)

	March 31, 2012	March 31, 2011
Unsecured, considered good, unless otherwise stated		
Security deposit		
- Unsecured, considered good*	25,330	350,531
Loans and advances to related parties (refer note 33)		
- Unsecured and considered good	–	2,809,050
- Unsecured and considered doubtful	–	400,000
	–	3,209,050
Less: Provision for doubtful advances	–	400,000
	–	2,809,050
Loans and advances to employees		
- Unsecured and considered good	2,683,845	228,547
Other Loans and advances		
Unsecured and considered good		
- Advance tax [net of provisions ₹ 29,148,890 (March, 31, 2011: ₹ 11,000,000)]	1,767,230	570,943
- Tax deducted at source receivable	67,704	59,036
- Balances with statutory/government authorities	6,606,163	11,821,427
- Prepaid expenses	2,608,630	7,920,570
- Advance to suppliers, unsecured considered good	75,628,740	64,549,828
- Advance to suppliers, unsecured considered doubtful	824,250	824,250
	87,502,717	85,746,054
Less: Provision for doubtful advances	824,250	824,250
	89,387,642	88,309,932

19. OTHER CURRENT ASSETS

(Amount in ₹)

	March 31, 2012	March 31, 2011
Interest accrued on loans granted (Refer note 33)	3,322,459	–
Interest accrued but not due on fixed deposits	99,616	–
	3,422,075	–

20. REVENUE FROM OPERATIONS

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Revenue from operations		
Sale of products		
Sales within India		
Manufactured Goods	232,792,042	456,543,601
Traded goods	392,489,970	378,271,211
Sale of services	1,446,191	2,868,234
Sales outside India		
Manufactured goods	301,801,574	19,818,140
Traded goods	336,554,044	419,939,692
	1,265,083,821	1,277,440,878
Other operating revenues		
Scrap sales	2,122,966	2,235,183
Revenue from operations (gross)	1,267,206,787	1,279,676,061
Less: Excise duty*	1,186,591	2,721,965
Revenue from operations (net)	1,266,020,197	1,276,954,096

** Excise duty on sales amounting to ₹ Nil (March 31, 2011: ₹ 2,721,965) has been reduced from sales in statement of profit & loss and (increase)/decrease in excise duty on inventory amounting to ₹ 153,274 (March 31, 2011: ₹ 52,826) has been considered as (income) / expense in note 27 of financial statements.*

21. OTHER INCOME

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Interest income on		
Fixed deposits	166,696	129,557
Loan to related parties (Refer note 33)	3,322,459	–
	3,489,155	129,557
Other non operating income		
Excess provision written back	1,834,404	284,360
Government grant (Refer note 5)	300,000	–
Profit on sale of tangible assets	279,311	19,525
Foreign exchange gain (net)	–	6,896,836
Sundry balances written back	1,629,510	–
Miscellaneous income	1,073,433	9,237,594
	4,837,347	16,418,790
	8,605,812	**16,567,872**

21. COST OF MATERIALS CONSUMED

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Cost of raw materials consumed		
At the beginning of the year	107,739,799	98,101,875
Add: Purchases	147,529,652	206,154,326
	255,269,451	304,256,201
Less: At the end of the year	66,777,732	107,739,799
	188,491,719	196,516,402
Cost of packing materials consumed		
At the beginning of the year	7,222,288	10,030,354
Add: Purchases	48,374,272	24,897,526
	55,596,560	34,927,880
Less: At the end of the year	10,149,285	7,222,288
	45,447,275	27,705,592
Other materials-consumables		
At the beginning of the year	270,649	5,811
Add: Purchases	6,723,182	1,877,762
	6,993,831	1,883,573
Less: At the end of the year	307,867	270,649
	6,685,964	1,612,924
	240,624,958	**225,834,918**

23. (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND TRADED GOODS

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Finished goods		
At the beginning of the year	55,917,645	54,174,934
At the end of the year	10,482,660	55,917,645
	45,434,985	(1,742,711)
Work in progress		
At the beginning of the year	11,094,296	9,214,959
Purchases	2,981,420	196,889
At the end of the year	50,129,210	11,094,296
	(36,053,494)	(1,682,448)
Stock-in-trade		
At the beginning of the year	25,073,754	649,510
At the end of the year	671,799	25,073,754
	24,401,955	(24,424,244)
	33,783,446	(27,849,403)

24. EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Salaries, wages, bonus and allowances	46,447,036	37,640,517
Contribution to provident and other Funds	1,237,144	1,215,885
Gratuity Expense	1,774,501	–
Leave encashment	422,723	–
Workmen and staff welfare expenses	1,403,435	938,441
	51,284,839	39,794,843

25. FINANCE COST

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Interest expense	44,562,773	30,144,081
Bank Charges	4,746,061	5,169,991
Exchange differences to the extent considered as an adjustment to borrowing cost	11,836,589	20,040
	61,145,423	35,334,112

26. DEPRECIATION, AMORTISATION AND IMPAIRMENT#

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Depreciation of tangible assets	72,679,470	68,532,326
Amortisation of intangible assets	1,065,518	1,006,488
	73,744,988	69,538,814

 # Exclude prior period depreciation and includes impairment loss (Refer Note 12 & 28)

27. OTHER EXPENSES

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Rent expenses (Refer note 34)	3,546,336	5,046,326
Advertisement expenses	7,450,580	10,509,196
Bank charges	859,675	1,824,824
Business promotion expenses	3,766,514	5,583,934
Clinic Upkeep & Maintenance	22,924	46,057
Repairs and Maintenance		
- Plant & machinery	3,062,571	5,742,460
- Building	2,902,225	1,973,336
- Others	1,306,666	1,003,207
Provision for doubtful advances	845,229	–
Bad debts written off	11,368,019	–
Export incentive receivable written off	3,544,519	–
Provision for diminution in investment	674,793	–
Freight & cartage outward	5,484,489	7,750,748
Insurance	1,991,760	1,517,510
Legal & professional fees	10,380,070	10,651,958
Foreign exchange loss (net)	22,504,159	-
Fees rates and taxes	1,193,263	940,830
Wealth tax	48,000	34,063
Decrease/(increase) in excise duty on inventory	153,274	52,826
Telephone and postage expenses	2,549,581	2,729,256
Printing and stationery expenses	1,736,854	2,308,393
Travelling and conveyance expenses	9,100,979	12,948,307
Loss on sale of fixed assets	1,010,755	18,848
Directors' sitting fees	26,000	35,500
Job work charges	10,268,107	9,265,890
State excise duty	447,563	563,939
Power & Fuel	13,786,525	9,393,451
Testing charges	102,097	16,819
Office maintenance expenses	2,267,134	1,775,460
Utilities	1,839,639	2,135,535
Miscellaneous expenses	2,850,518	2,192,898
	127,090,818	96,061,571

28. PRIOR PERIOD (INCOME)/ EXPENSE (NET)

(Amount in ₹)

	Year ended March 31, 2012	Year ended March 31, 2011
Rectification of Depreciation rates on factory building related to year 2007-08 and 2009-10	–	2,941,607
Depreciation pertaining to assets costing less than ₹ 5,000/- which were not fully depreciated in prior years	41,521	–
Legal and professional expenses related to year 2010-11	26,472	–
Leave benefit expenses related to prior years	719,981	–
Interest on foreign currency loan from bank (External Commercial Borrowings)	(23,315)	–
Advertisement expense related to year 2009-10	–	661,147
Miscellaneous expenses	(4,445)	5,760
	760,214	3,608,514

29. CONTINGENT LIABILITIES AND COMMITMENTS

A. CONTINGENT LIABILITY

(Amount in ₹)

	Particulars	March 31, 2012	March 31, 2011
(i)	Claims made against the company not acknowledged as debts		
	- Sales tax demands (paid under protest ₹ 582,335) for non submission of statutory forms.*	946,021	946,021
	- Case filed by fixed assets vendor for moulds and legal charges.	1,461,000	1,461,000
(ii)	Others:		
(a)	Bank guarantee issued by bank (margin money kept by way of fixed deposit ₹ 827,594 (March 31, 2011: ₹ 15,000)	5,327,594	145,417
(b)	Corporate guarantees given by the company to banks on behalf of others. **	134,314,729	436,000,000
(c)	Outstanding letter of credit (margin money kept by way of fixed deposit ₹ NIL (March 31, 2011: ₹ 3,559,410)	NIL	17,877,557

** The company has preferred an appeal before Commissioner of Sales tax and deposited the same under protest.*

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

- Wave Hygiene Products (Partnership Firm) : ₹ Nil

- JHS Svendgaard Hygiene Products Limited : ₹ 134,314,729

(Refer note 33)

Amalgamation pending approval from Honourable Shimla High Court:

The Board of Directors has approved the Scheme of Amalgamation of the above two entities with the company on July 7, 2010. The said scheme was approved by Honourable Delhi High Court on August 30, 2011. The Honourable High Court of Shimla on March 26, 2012 has reserved the final order of merger which will be pronounced as stated by Honourable High Court of Shimla. Since the order of Shimla High Court is still pending, these financial statements are prepared without giving effect to this amalgamation.

Note: Based on the past experience, interpretations of the provisions of Income tax and provisions of Service tax, the company is of the view that the above demands are likely to be deleted or substantially reduced and accordingly no provision has been considered in books of accounts.

B. CAPITAL COMMITMENTS:

(Amount in ₹)

(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Capital Advances ₹ 263,845,720 (March 31, 2011: ₹ 130,293,850)).	17,651,006	6,569,875

30. THE DETAILS OF FUND RAISED THROUGH INITIAL PUBLIC OFFERINGS AND UTILIZATION OF SUCH FUND ARE GIVEN BELOW:: -

(Amount in ₹)

S No.	Particulars	March 31, 2012	March 31, 2011
A.	Funds raised through Initial Public Offerings	388,619,256	388,619,256
B.	Utilization by way of expansion plan/new project		
	- Building and civil works	86,339,862	86,339,862
	- Plant and machinery	210,208,224	210,208,224
	- Margin money for working capital	16,025,000	16,025,000
	- General corporate purposes	37,830,987	37,830,987
	- IPO expenses	37,921,369	37,921,369
	- Fixed deposit and balance in current accounts	293,814	293,814
	Total funds utilized	388,619,256	388,619,256
	Total unutilized funds	NIL	NIL

31. CAPITAL WORK IN PROGRESS

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
Capital work in progress		
Opening balance	2,085,918	NIL
Add: Additions during the year		
Building	124,004	235,430
Plant and machinery	207,618,614	27,575
Moulds and dies	21,478,687	–
Furniture and fixture	5,044,818	–
Computers	59,063	–
Interest on borrowed capital	8,072,849	2,022,060
Less: Capitalized during the year		
Building	–	199,147
Balance as at year end	244,483,953	2,085,918

32. SEGMENT REPORTING (AS PER AS – 17 SEGMENT REPORTING)

a. Primary Segment

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

b. Secondary Segment

Secondary segmental reporting is on the basis of the geographical location of the customers, namely India, Dubai and Others.

Primary Segment Information: Business Segments

(Amount in ₹)

	Particulars	March 31, 2012	March 31, 2011
A.	SEGMENT REVENUE		
	i) Fast Moving Consumer Goods ('FMCG')	928,019,961	854,146,170
	ii) Personal Care Products -Marketing and Distribution	336,554,044	419,939,692
	iii) Dental Care Clinics	1,446,192	2,868,234
	Total	1,266,020,197	1276,954,096
B.	SEGMENT RESULTS:		
	Profit/Loss Before tax and Interest		
	i) FMCG	46,924,604	114,617,724
	ii) Personal Care Products -Marketing and Distribution	48,122,108	62,604,457
	iii) Dental Care Clinics	(572,735)	(892,124)
	Total	94,473,976	176,330,057
	Less:		
	Interest	61,145,423	35,334,112
	Other Un allocable Expenditure	27,609,616	3,608,514
	Total profit before Tax and Exceptional Items	5,718,941	137,387,430
C.	CAPITAL EMPLOYED		
	(Segment Assets - Segment Liabilities)		
	i) FMCG	1292,223,377	913,204,497
	ii) Personal Care Products -Marketing and Distribution	153,939,745	88,360,101
	iii) Dental Care Clinics	–	–
	Total Capital Employed	1446,163,122	1001,564,598

Secondary Segment Information: Geographical Segments (Amount in ₹)

Particulars	India	Dubai	Others	Total
#Segment	627,664,579	336,554,044	301,801,574	1,266,020,197
Revenue*	(834,328,030)	(419,939,692)	(22,686,374)	(1,276,954,096)

Figures in bracket represent comparatives.

 # Segment Revenue are inclusive of excise duty.

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

33. RELATED PARTY DISCLOSURE

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

a. Names of related parties and description of relationship:

S. No.	Relationships	Name of Related Party
i.	Key Management Personnel	a) Mr. Nikhil Nanda (Managing Director) b) Mr. Gopal Krishna Nanda* (Whole-time Director)
ii.	Relatives of Key Managerial Personnel	a) Mr. H C Nanda (Father of Mr. Nikhil Nanda) b) Mr. Sumit Nanda (Brother of Mr. Nikhil Nanda) c) Mr. Puneet Nanda (Brother of Mr. Nikhil Nanda) d) Mr. Ansh Nanda (Son of Mr. Nikhil Nanda)
iv.	Enterprises over which significant influence can be exercised by persons mentioned in (i) & (ii) above or enterprise that have a member of key management in common with the reporting enterprise.	a) Berco Engineering Private Limited, India b) Dr. Fresh Inc, USA. c) Sunehari Exports Limited India d) Number One Real Estate Private Limited, India e) JHS Svendgaard Hygiene Products Limited, India f) JHS Svendgaard Mechanical & Warehouse Private Limited (Formerly known as JHS Svendgaard Entertainment Private Limited), India g) JHS Svendgaard Infrastructure Private Limited, India h) Magna Waves Impex Private Limited, India i) Waves Hygiene Products (Partnership firm)

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

S No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence
a.	Revenue:		
(i)	Sales of Finished Goods:		
	Dr. Fresh Inc, USA	–	173,295,258
		(-)	(15,999,132)
	Sunehari Exports Limited	-	32,44,654
		(-)	(-)
	JHS Svendgaard Hygiene Products Limited	-	15,69,763
		(-)	(-)

Consolidated Notes to the Financial Statements For the year ended March 31, 2012 *(Continued)*

S No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence
(ii)	Sale of Fixed Assets:		
	JHS Svendgaard Hygiene Products Limited	-	154,757
		(-)	(-)
(iii)	Interest Income:		
	- JHS Svendgaard Mechanical & Warehouse Private Limited (Formerly known as JHS Svendgaard Entertainment Private Limited)	-	3,322,459
		(-)	(-)
b.	Purchases:		
(i)	Purchase of raw /packing material:		
	Sunehari exports Limited	-	24,90,617
		(-)	(-)
(ii)	Purchases of Traded Goods:		
	Dr. Fresh Inc, USA	-	0
		(-)	(9,387,972)
	JHS Svendgaard Hygiene Products Limited	-	-
		(-)	(46,51,883)
(ii)	Purchase of Fixed Assets:		
	Sunehari Exports Limited	-	78,17,972
		(-)	(-)
c.	Expenditure:		
(i)	Rent Paid:		
	Nikhil Nanda	13,23,600	–
		(13,23,600)	(-)
	Ansh Nanda	87500	–
		(3,00,000)	(–)
	Number One Real Estate Private Limited	–	496,350
		(–)	(–)
	Berco Engineering Private Limited	-	-
		(-)	(827,250)
(ii)	Electricity Expenses:		
	- Nikhil Nanda	1,263,408	-
		(2,541,157)	(-)
(iii)	Directors Remuneration:		
	- Gopal Krishan Nanda	120,000	-
		(120,000)	(-)
	- Nikhil Nanda	1,918,658	-
		(1,700,988)	(-)
d.	Unsecured Loans:		
(i)	Loans taken:		
	- Nikhil Nanda	41,082,467	-
		(14,729,700)	(-)
	- JHS Svendgaard Hygiene Products Limited	-	5,429,089
		(-)	(-)
	- H.C Nanda	249,534	-
		(332,712)	(-)
	- Number One Real Estate Private Limited	-	47,857
		(-)	(800,000)

S No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence
(ii)	Loans Repaid:		
	- JHS Svendgaard Hygiene Products Limited	–	1,600,000
		(-)	(-)
	- Nikhil Nanda	48,883,943	-
		(1,906,200)	(-)
	- H. C. Nanda	1,000,000	-
		(332,712)	(-)
	- Number One Real Estate Private Limited	-	-
		(-)	(800,000)
e.	Loans & Advances:		
(i)	Loans and Advances given (including security deposits): - JHS Svendgaard Mechanical & Warehouse Private Limited (Formerly Known as JHS Svendgaard Entertainment Private Limited)	-	40,030,000
		(-)	(-)
	- Number One Real Estate Private Limited	-	900,000
		(-)	(-)
(ii)	Repayment received:		
	- JHS Svendgaard Hygiene Products Limited	-	1,850,000
		(-)	(-)
f.	Corporate guarantees given:		
	- JHS Svendgaard Hygiene Products Limited	-	-
		(-)	(186,000,000)
	- Waves Hygiene Products	-	-
		(-)	(25,00,00,000)
g.	Equity shares issued on preferential shares:		
	- Nikhil Nanda	48,875,000	-
		(3,000,000)	(-)
h.	Corporate guarantees released:		
	- JHS Svendgaard Hygiene Products Limited	-	51,685,271
		(-)	(-)
	- Waves Hygiene Products	-	250,000,000
		(-)	(-)

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

S No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence
a.	Payables		
(i)	Unsecured Loan:		
	- Mr. Nikhil Nanda	6,198,525	-
		(14,222,064)	(-)
	- JHS Svendgaard Hygiene Products Limited	-	3,579,089
		(-)	(-)
	- H. C Nanda	222,064	-
		(972,350)	(-)
	- Number One Real Estate Private Limited	-	847,857
		(-)	(800,000)
(ii)	Trade Payables:		
	- Dr. Fresh Inc	-	12,926,391
		(-)	(9,300,728)
	- JHS Svendgaard Hygiene Products Limited	-	41,96,129
		(-)	(3,946,219)
(iii)	Other liabilities:		
	- Nikhil Nanda	1,441,925	-
		(1,350,574)	(-)
	- Gopal Krishan Nanda	90,000	-
		(-)	(-)
b.	Receivables:		
(i)	Loans & advances (including security deposits):		
	- Number One Real Estate Private Limited	-	900,000
		(-)	(-)
	- JHS Svendgaard Mechanical & Warehouse Private Limited (Formerly Known as JHS Svendgaard Entertainment Private Limited)	-	40,030,000
		(-)	(-)
	- Sunehari Exports Limited	-	436,125
		(-)	(-)
(ii)	Trade receivables:		
	- Dr. Fresh Inc	-	178,428,746
		(-)	(11,837,348)
	- Sunehari Exports Ltd.	-	9,714
		(-)	(-)
	- JHS Svendgaard Hygiene Care Limited	-	1,724,520
		(-)	(-)

S No.	Transactions	Key Management Personnel and Relatives of Key Management Personnel	Enterprises over which Key Management Personnel and their relatives exercise significant influence
(iii)	Interest accrued		
	JHS Svendgaard Mechanical & Warehouse Private Limited (Formerly Known as JHS Svendgaard Entertainment Private Limited)	-	3,322,459
		(-)	(-)
c.	Investments:		
(i)	Investments:	-	500,000
	- JHS Svendgaard Hygiene Products Limited	(-)	(500,000)
d.	Corporate guarantees:		
	- JHS Svendgaard Hygiene Products Limited	-	134,314,729
		(-)	(186,000,000)

(Figures in bracket pertain to previous year).

34. OBLIGATION ON LONG TERM, CANCELABLE OPERATING LEASE:

The company has entered into various cancelable operating leases. Rental expense paid during the year ended is ₹ 3,546,336 (March 31, 2011: ₹ 5,046,326).

35. EARNINGS PER SHARE

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

S No.	Particulars	Units	Year ended March 31, 2012	Year ended March 31, 2011
A	Profit after Tax	₹	11,083,829	122,098,731
B	Weighted average no. of equity shares	Nos.	16,907,930	14,514,391
	Add: Dilutive potential equity shares	Nos.	20,492	-
C	Number of equity shares for Dilutive EPS	Nos.	16,928,422	14,514,391
	Nominal value per share	₹	10	10
	Basic Earnings Per Share (A/B)	₹	0.66	8.41
	Diluted Earnings Per Share (A/C)	₹	0.65	8.41

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

37. The company has converted Nil (March 31, 2011: 100,000) convertible warrants issued on preferential basis at a price of ₹ Nil (March 31, 2011: ₹ 30) per warrant into Equity Shares of face value of ₹ Nil (March 31, 2011: ₹ 10 per share) at a premium of ₹ Nil (March 31, 2011: ₹ 20 per share).

Consolidated Notes to the Financial Statements For the year ended March 31, 2012 *(Continued)*

38. The Board of Directors has not recommended any dividend on equity shares for financial year 2011-12.

39. REMITTANCE IN FOREIGN CURRENCIES FOR DIVIDEND

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

Particulars	Number of Shareholders	Number of Equity Shares held	Gross Amount of of Dividend (Amount in ₹)	
			Year ended March 31, 2012	Year ended March 31, 2011
Non-Resident Share holder	126	210,969	158,227	41,242
FII	3	2,693,589	2,020,192	307,290
Foreign Nationals	1	1,000	750	NIL
TOTAL	**130**	**2,905,558**	**2,179,169**	**348,532**

Final dividend for 2010-11 declared on December 31, 2011

40. The consolidated financial statements for the year ended March 31, 2011 had been prepared as per the applicable, pre-revised Schedule VI to the Companies Act, 1956 ('the Act'). During the year, the revised Schedule VI notified under the Act has become applicable to the Company. Accordingly, the Company has reclassified previous year figures to conform to the current year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principle followed for preparation of financial statements. However, it has a significant impact on presentation and disclosures made in the financial statements.

For and on behalf of board of directors of
JHS Svendgaard Laboratories Limited

Sd/-	Sd/-	Sd/-	Sd/-
Nikhil Nanda	Rakesh Sharma	Ashish Goel	Tarun Chhabra
Managing Director	*Director*	*CFO*	*Company Secretary*

Place: New Delhi
Date : May 26, 2012

"The pressure of adversity does not affect the mind of the brave man...
It is more powerful than external circumstances."

– Seneca

Corporate information

Members of the Board

Chairman:	Daljit Singh Grewal DIN 00051627
Managing Director:	Nikhil Nanda DIN 00051501
Non-Executive Director:	Piyush Goenka DIN 02117859
Independent Directors:	Vanamali Polavaram DIN 01292305
	Rakesh Sharma DIN 05202265
	Chhotu Ram Sharma DIN 00522678
	Amarjit Singh DIN 01244897

Company Secretary & Compliance Officer

Tarun Chhabra

Registered Office

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

Corporate Office

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

Statutory Auditors

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- 26900412/11
Fax : 011-26900434
Email: delhi@intimespectrum.com

Bankers

ICICI Bank Limited
Bank of India

Unit I	Unit II	Unit III
Sunehari Oral Care B-1/ E-13, Mohan Cooperative Industrial Area, Mathura Road, New Delhi-110044	Jai Hanuman Exports H- 3, SDF, NSEZ, Noida Phase II, Dadri Road, Gautam Budh Nagar, Uttar Pradesh – 201305	JHS Svendgaard Laboratories Limited Trilokpur Road, Kheri (Kala-Amb), Tehsil - Nahan, District-Sirmour, Himachal Pradesh-173030

JHS

JHS Svendgaard Laboratories Limited

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

Corporate office: B-1/E-9, Mohan Co-operative Industrial Area,Mathura Road, New Delhi-110044