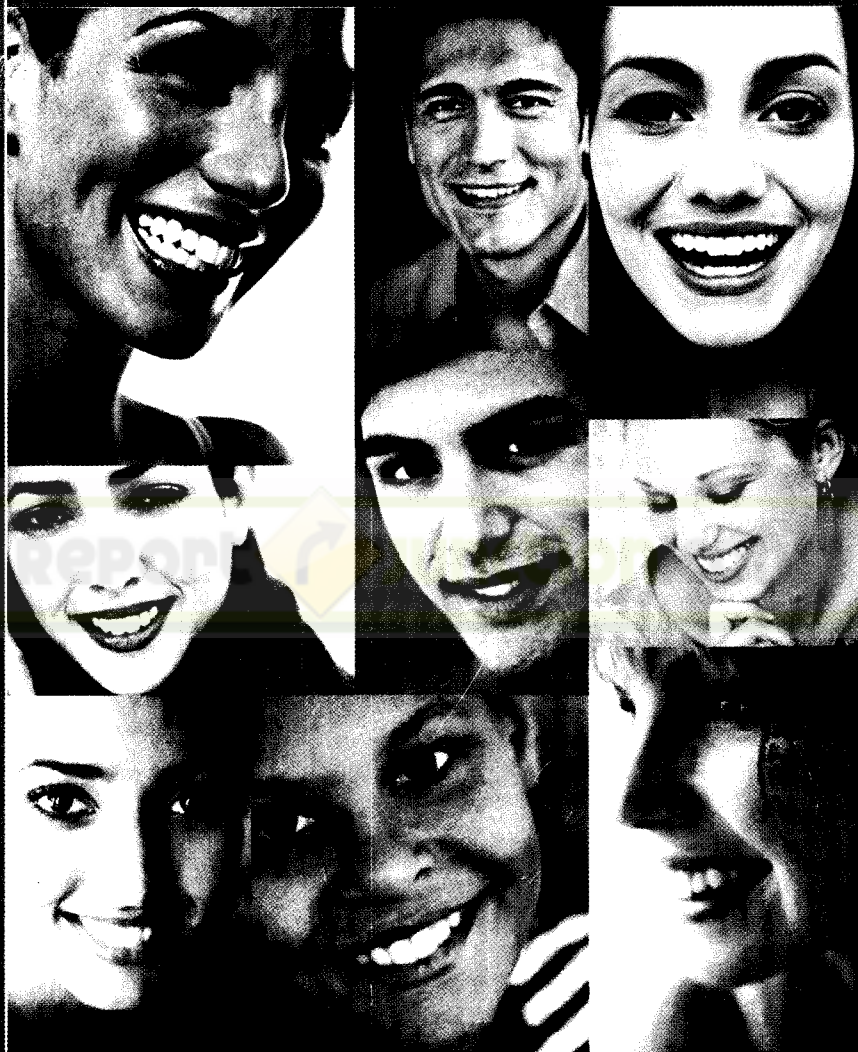


2007 ANNUAL REPORT

JHS SVENDGAARD
LABORATORIES
LIMITED



Bringing
on Million Faces



JHS Svendgaard Laboratories Limited



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

STATUTORY AUDITORS

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

COMPANY SECRETARY

Mr. Jagmohan Bijalwan

CORPORATE OFFICE

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

REGISTERED OFFICE

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

REGISTRAR AND TRANSFER AGENT

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

BANKERS

ICICI Bank Limited
Centurion Bank Of
Punjab Limited

WORKS

Unit I

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

Unit II

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

Unit III

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

Unit IV

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

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JHS Svendgaard Laboratories Limited

NOTICE

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

ORDINARY BUSINESS:

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

NOTES:-

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



JHS Svendgaard Laboratories Limited

Mr. P. Vanamali, Independent Director, (IAS Retired) aged 62 years, is a MA (English), MA (Political Science) MBA. He retired as Resident Commissioner, Government of West Bengal. He worked with the State Government of West Bengal and Government of India in various positions. He has administrative experience of over 30 years to his credit.

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

Other information:

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

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

Place : New Delhi
Date : 03/09/2008

Jagmohan Bijalwan
Company Secretary





JHS Svendgaard Laboratories Limited

DIRECTORS' REPORT

Dear Shareholders,

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

FINANCIAL RESULTS:

The Financial highlights of the Company are given below: -

(Amount in Rs. Lacs)

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

DIVIDEND:

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

PERFORMANCE REVIEW:

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

APPLICATION OF IPO PROCEEDS:

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

ISSUE OF SHARES & WARRANTS:

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

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

EMPLOYEE STOCK OPTION PLAN 2008:

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

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

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

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

a). Method of Valuation of Stock Options

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

b). Disclosure Statement

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



JHS Svendgaard Laboratories Limited

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

RECOGNITION/AWARD:

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

DIRECTORS:

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

AUDITORS:

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

LISTING:

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

SUBSIDIARY COMPANIES:

Jones H Smith, FZE

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

JHS Svendgaard Dental Care Limited

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

Nikiven Personal Care Products Private Limited

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

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

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

PARTICULARS OF EMPLOYEES:

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

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

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

CORPORATE GOVERNANCE:

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

DEPOSITS:

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

DIRECTOR'S RESPONSIBILITY STATEMENT:

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



JHS Svendgaard Laboratories Limited

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of Affairs of the Company at the end of the financial year and of the profit of the Company for that period; irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis.

INDUSTRIAL RELATIONS:

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

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

ACKNOWLEDGEMENT:

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

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

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

**Place : New Delhi
Date : 03.09.2008**

**(Nikhil Nanda)
Managing Director**

**(Mukul Pathak)
Director**

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JHS Svendgaard Laboratories Limited

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

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

BOARD OF DIRECTORS:

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

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

BOARD MEETINGS:

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

AUDIT COMMITTEE:

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

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

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

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

REMUNERATION COMMITTEE:

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

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

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

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



JHS Svendgaard Laboratories Limited

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

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

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

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

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

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

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

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

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

COMPENSATION COMMITTEE:

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

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

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

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

COMPLIANCE OFFICER:

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

CODE OF CONDUCT:

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

SUBSIDIARY COMPANIES:

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

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

GENERAL BODY MEETINGS:

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