

# JHS SVENDGAARD LABORATORIES LIMITED

**JHS**  
SVENDGAARD  
LABORATORIES  
LIMITED

FIFTH ANNUAL REPORT

2008 - 09



*Bringing Smile On*

**JHS Svendgaard Laboratories Limited****CORPORATE INFORMATION****Board of Directors**

Chairman Daljit Singh Grewal  
 Managing Director Nikhil Nanda  
 Whole-Time Director Gopal Krishan Nanda  
 Executive Director Puneet Kumar Manglik  
 Independent Directors Vanamali Polavaram  
 Mukul Pathak  
 Guninder Bhalla

**Corporate office**

B-1/ E-23, Mohan Cooperative  
 Industrial Area, Mathura Road,  
 New Delhi-110044  
 Ph: 011-30885601/60  
 Fax: 011-30885604

**Registered office**

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

**Registrar and Transfer Agent**

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

**Company Secretary  
 & Compliance Officer**  
 Jagmohan Bijalwan

**Unit I**

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

**Unit II**

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

**Statutory Auditors**

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

**Bankers**

ICICI Bank Limited

**Unit III**

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 Fifth Annual General Meeting of the Members of the Company will be held on Tuesday, 22nd day of September 2009 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 BUSINESSES:

1. To receive, consider, and adopt the Audited Profit & Loss Account for the year ended March 31, 2009 and the Balance Sheet as on that date together with the Directors' Report & Auditors' Report thereon.
2. To declare dividend for the financial year ended March 31, 2009 @ Rs.0.25 per equity shares of Rs.10 each.
3. To appoint a Director in place of Mr. Gopal Krishan Nanda who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Daljit Singh Grewal who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors and fix their remuneration.

#### SPECIAL BUSINESSES:

6. To regularise the appointment of Mr. Guninder Bhalla, Additional Director and to move the following resolution as an Ordinary Resolution: -

**"RESOLVED THAT** pursuant to Section 257 of the Companies Act 1956, Mr. Guninder Bhalla, Additional Director in respect of whom a letter proposing his candidature has been received be and is hereby appointed as the Director of the Company and shall be liable to retire by rotation".

7. To regularise the appointment of Mr. Puneet Kumar Manglik, Additional Director and to move the following resolution as an Ordinary Resolution: -

**"RESOLVED THAT** pursuant to Section 257 of the Companies Act 1956, Mr. Puneet Kumar Manglik, Additional Director in respect of whom a letter proposing his candidature has been received be and is hereby appointed as the Director of the Company and shall be liable to retire by rotation".

8. To approve the appointment of Mr. Puneet Kumar Manglik, Director as Whole-time Director designated as Executive Director and to move the following resolution as Ordinary Resolution: -

**"RESOLVED THAT** subject to the provisions of Section 198, 269, 309, 310, 311, 316, 317, Schedule XIII and other applicable provisions, if any of the Companies Act 1956 and Memorandum and Articles of Association of the Company, the consent be and is hereby granted to the appointment of Mr. Puneet Kumar Manglik as Whole-time Director designated as Executive Director of the Company w.e.f. October 31, 2008 for a period of 5 years whose term in the office shall be liable to retire by rotation, on a monthly remuneration as decided by the Remuneration Committee from time to time.

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

**RESOLVED FURTHER THAT** The Board of Directors, be and are hereby authorized to comply with all the formalities in this regard".

9. To Issue 11,00,000 warrants under section 81(1A) to persons belonging to Promoter and Non-Promoter Group, and to move the following resolution as Special Resolution: -

**"RESOLVED THAT** pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment thereto or re-enactment thereof) and subject to the provisions of the Memorandum of Association and Articles of Association of the Company and the Listing Agreement entered into with the Stock Exchange where the Equity Shares of the Company are listed and in accordance with the existing guidelines, rules and regulations of the Securities and Exchange Board of India ("SEBI") (including the SEBI (Substantial Acquisition of Shares and Takeovers Regulations, 1997) (including any statutory amendment(s) modification(s) and or re-enactment(s) thereof, for the time being in force) and subject to the approvals, consents, permissions and/ or sanctions, as may be necessary of the appropriate authorities, institution or body and subject to such terms, conditions, alterations, corrections, changes, variations and/or, modifications, if any, as may be prescribed by any one or more or all of them in granting such approvals, consents permissions and/ or sanctions and which may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board" which terms shall be deemed to include any committee duly constituted by the Board of Directors or any committee which the Board of Directors may hereafter constitute, to exercise one or more of its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded and Board is hereby authorized to issue, offer and allot up to 11,00,000 (Eleven Lac) Convertible Warrants (Warrants) on preferential basis, to be convertible at the option of warrant holder in one or more tranches, within 18 (eighteen) months from its allotment date

into 1 fully paid up Equity Share of the Company of face value of Rs.10/- each for cash at an exercise price of Rs.30/-(including premium of Rs.20/-) and to issue fresh Equity Shares on the conversion of the warrants, on such further terms and conditions as may be finalized by the Board of Directors to the following persons belonging to Promoter and Non Promoters group :

Name of Person	No of Warrants
<b>Promoter Group</b>	
Mr. Nikhil Nanda	10,00,000
<b>Non-Promoter Group</b>	
Mr. Siddharth Misra	50,000
Mrs. Sabina Lall	50,000
<b>Total</b>	<b>11,00,000</b>

**FURTHER RESOLVED THAT** the amount to be paid on the warrants at the time of allotment shall be 25% of the exercise price and the rights attached to them and other terms and conditions of the warrants as may be decided in accordance with SEBI Guidelines and other provisions of the applicable laws by the Board of Directors.

**FURTHER RESOLVED THAT** the relevant date for the purpose of calculating the exercise price under Chapter XIII of SEBI Guidelines is August 21, 2009.

**FURTHER RESOLVED THAT** the Equity Shares which will arise on conversion of warrants shall rank pari passu in all respects with the then existing equity shares of the Company.

**FURTHER RESOLVED THAT** 1,00,000 (One Lac) warrants being allotted to Non-Promoter Strategic Investors shall be locked in for a minimum period of one year and 10,00,000 (Ten Lac) Warrants being allotted to persons belonging to Promoter group shall be locked in for a minimum period of three years from the date of allotment, or up to such extended period as per the provisions of SEBI (DIP) Guidelines for Issue of Shares on Preferential basis, as amended."

**FURTHER RESOLVED THAT** the Warrants shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in as provided under SEBI Guidelines except to the extent and in the manner permitted there under.

**FURTHER RESOLVED THAT** for the purpose of issue and allotment of the warrants and after their conversion into Equity Shares and listing thereof with the Stock Exchange(s), the Board of Directors be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the Equity Shares of the Company, as in the absolute discretion, deem fit and proper."

#### 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 14, 2009 to September 22, 2009 (both days inclusive).
- Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
- Shareholders holding the shares in physical form and desirous of making nominations are requested to send their requests in Form No.2B in duplicate (which will be made available on request).
- Dividend will be distributed through Electronic Clearing Services. Member holding shares in electronic form are requested to notify any change of address and change in bank details to their Depositories Participants. Their details as per the records of the DP before the Book closure date will be considered for dividend distribution.
- The communication address of our Registrar and Share Transfer Agent (RTA) is Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited) A-40, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi - 110028.
- Certificate from the auditors of the Company certifying that the company Employee Stock Option Scheme-2008 are being implemented in accordance with SEBI Guidelines and in accordance with the resolution passed at the Annual General Meeting, will be available for inspection by the members at the meeting.
- The Members are requested to bring their copies of Annual Report including Attendance slip at the venue for the Annual General Meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 6****Confirmation of Mr. Guninder Bhalla**

Mr. Guninder Bhalla has been appointed as an Additional Director of the Company w.e.f. August 13, 2009 pursuant to resolution passed at the Board Meeting held on August 13, 2009. His term of Office shall expire at the Annual General Meeting and the Board of Directors recommend approval of the Resolution as an Ordinary Resolution for the appointment of Mr. Guninder Bhalla as Independent Non-Executive Director liable to Retire by Rotation.

The above mentioned resolution and connected documents are open for inspection at the registered office of the Company on any working day during office hours.

None of the Directors is interested in the aforesaid resolution except Mr. Guninder Bhalla.

**Item No.7 & 8****Regularisation of Mr. Puneet Kumar Manglik as Director and Confirmation as Whole-time Director**

Mr. Puneet Kumar Manglik has been appointed as Additional Director and subsequently appointed as Whole-time Director of the Company w.e.f. October 31, 2008 pursuant to resolution passed at the Board meeting held on October 31, 2008 for a period of 5 years on remuneration of Rs.35,000/- per month. The remuneration payable to him was confirmed in the meeting of the Remuneration Committee held on October 31, 2008.

His term of Office as additional Director shall expire at the Annual General Meeting and the Board of Directors recommend approval of the Resolution as an Ordinary Resolution for the appointment of Mr. Puneet Kumar Manglik as Director liable to Retire by Rotation. The appointment as Whole-time Director also needs to be approved by the shareholders in their meeting. The Directors recommend approval of the resolution as Ordinary Resolutions.

The above mentioned resolutions and connected documents are open for inspection at the registered office of the Company on any working day during office hours.

None of the Directors is interested in the aforesaid resolution except Mr. Puneet Kumar Manglik.

**Item No.9****Issue of 11,00,000 warrants under section 81(1A) to persons belonging to Promoter and Non-Promoter Group:**

The Board of Directors proposes to raise the money from Promoter and strategic investors belonging to Non promoters group by issuing warrants convertible into shares by way of Preferential allotment, the approval of members for which under section 81(1A) of the Companies Act, 1956 is required by means of Special Resolution.

The Warrant holder shall pay at least Rs.7.5/-, being 25% of the subscription price in respect of the Equity Shares that may be allotted upon conversion of the warrants determined in accordance with the SEBI Guidelines, on the date of allotment of Warrants. The Warrant holder has the option to apply for and be allotted Equity Shares of the Company of face value of Rs.10 each at a premium of Rs.20 per share, in the ratio of 1 (one) Equity Share for every 1 (one) Warrant by paying the balance subscription price after adjusting the upfront payment made on the date of allotment of Warrants at any time before the expiry of 18 months from the date of allotment of the Warrants.

The Company reserves the right to forfeit the amount paid at the time of allotment of warrants as per clause 13.1.2.3 (c) of the SEBI Guidelines in case of failure by the warrant holder to apply for the equity shares of the Company before the expiry of the specified period of 18 months.

**1. Object of the Issue:**

We are the manufacturer of oral care products which requires dynamic replacement by designs, models and moulds. In order to upgrade its existing products ranges by new designs, models and moulds additional funds will be required for these activities and to meet out the requirement, the Board of Directors proposes to raise the money from promoter/ Promoter group and strategic investors belonging to Non promoters group by issuing warrants convertible into shares by way of preferential allotment.

**2. Pricing:**

The board has decided the issue price at Rs. 30/- per warrant. In compliance with the SEBI Pricing Norms, the price arrived is Rs.27.68/- on the basis of August 23, 2009 being the relevant date.

The price above is determined on the basis of the quotes available on National Stock Exchange of India Ltd. Website.

**3. Intention of Promoters/ Directors/ Key Management Persons to subscribe the offer:**

For meeting the requirement of the funds, Mr. Nikhil Nanda, the Promoter of the Company is also participating in the proposed preferential allotment to the extent of 10,00,000 (Ten Lac) warrants.

**4. Relevant Date:**

"Relevant Date" for the preferential issue is August 23, 2009 i.e. 30 days prior to the date of meeting of the members of the Company i.e. September 22, 2009.

**5. Shareholding Pattern of the Company before and after the issue:**

The shareholding pattern of the company before and after the present proposed allotment 11,00,000 Equity Shares arise out conversion of warrants is as under:



SN	Category	Pre Issue		After conversion of warrants	
		No. of share held	%of share holding	No. of shares held	% of share holding
<b>A</b>	<b>Promoters' holding:</b>				
1	Indian: Individual	5993621	46.46	7093621	50.67
	Bodies Corporate	-	-	-	-
2	Foreign Promoters	-	-	-	-
	<b>Sub Total (A)</b>	<b>5993621</b>	<b>46.46</b>	<b>6993621</b>	<b>49.95</b>
<b>B</b>	<b>Non-Promoters' holding :</b>				
1	Institutional Investors (FI)	79463	0.62	79463	0.57
2	Non-Institution : Corporate Bodies	2934537	22.75	2934537	20.96
	Indian Public	3508499	27.20	3608499	25.77
	Clearing Members	79864	0.62	79864	0.57
	NRI	161264	1.25	161264	1.15
	HUFs	142759	1.10	142759	1.02
	<b>Sub Total (B)</b>	<b>6906386</b>	<b>53.54</b>	<b>7006386</b>	<b>50.05</b>
	<b>GRAND TOTAL</b>	<b>12900007</b>	<b>100</b>	<b>14000007</b>	<b>100</b>

Note: Shareholding pattern has been prepared on the assumption that all the warrants will be converted into equity shares before the expiry of 18 months.

**6. Proposed time within which the allotment shall be completed:**

The Board proposes to allot the warrants within a period of 15 days from the date of passing of this resolution by the shareholders or within 15 days from the date of approval of any regulatory authority, whichever is later.

**7. The identity of the proposed allottees and the percentage of the preferential issue that may be held by them:**

S.N.	Name of the Proposed Allottees	Category	Pre-Issue Shareholding		Number of Warrants proposed to be allotted	Post Issue after conversion of warrants	
			No. of shares	%		No. of shares	%
1.	Mr. Nikhil Nanda	Promoter	5816785	45.09	10,00,000	6816785	48.69
2.	Mr. Siddharth Misra	Non- Promoter	-	-	50,000	50000	0.36
3.	Mrs. Sabina Lall	Non- Promoter	-	-	50,000	50000	0.36

**8. Consequential Changes in the Voting Rights:**

Voting rights will change in tandem with the shareholding pattern.

**9. Auditors' Certificate:**

M/s Haribhakti & Co., Chartered Accountants, the Statutory Auditor of the Company has certified that the preferential issue is being made in accordance with the requirements contained in SEBI (Disclosure and Investor Protection) Guidelines, 2000. A copy of the certificate will be laid before the meeting of the shareholders.

**10. Lock-In :**

The warrants to be allotted to persons mentioned as Non-Promoters in Point 7 above will be locked in for a period of One Year from the date of allotment and warrants to be allotted to persons mentioned as Promoters in Point 7 above will be locked in for a period of three Years from the date of allotment. The lock in will be as per the SEBI Guidelines as applicable in this regard

**11. Change in Management:**

The issue of warrants or Equity Shares upon the conversion of the warrants will not result in any change in the management or control of the Company.

In terms of provisions of the Companies Act, 1956, consent of the members is sought under Section 81(1A) of the Companies Act, 1956, for the offer, issue and allotment of the warrants, as detailed in the resolution. The board may be authorized to issue the warrants, in accordance with the terms of offer, as detailed in the resolution and to take necessary actions without any limitation for implementation the resolution.

Mr. Nikhil Nanda the Managing Director being the proposed allottee himself is concerned or interested in the said resolution to the extent of allotment of warrants.

The Board of Directors recommends the resolution for the approval of the shareholders.

**Given below a re brief Particulars of those Directors appointed/reappointed in terms of Clause 49 of the Listing Agreement forming part of explanatory statement.**

**Mr. Gopal Krishan Nanda**, aged 58 year, is M. Sc. (Statistics). He has successful Career of over 27 years as Statistical Officer, Administrator in Modi Group. He has hands on experience in general administration, Human Resource training etc.



## JHS Svendgaard Laboratories Limited

**Mr. Daljit Singh Grewal**, Chairman, 72 year, is a fellow member of the Institute of Cost & Works Accountants of India and holds a Bachelor's degree in Science. He has administrative and corporate experience of 38 years to his credit and exposure in varied industries from Chemical/Fertilizers to Coal, Mining, Ship building and power transmission etc. He has served illustrious organizations such as IFCI group, Hindustan Shipyard Ltd in the capacities of Director (Finance) and Administration and acting Chairman and MD respectively. In Coal India Ltd he was in the capacity of Director Finance- Adviser and in 1995 as CEO of Mukut Pipes Ltd. He was the ex-chairman of the Punjab Chapter of the Institute of Costs and Works Accountants of India, President of All India Management Association (AIMA), Vishakhapatnam and has been an active member of Haryana Chamber of Commerce and Industry, Punjab and Confederation of Indian Industries, Punjab.

**Mr. Guninder Bhalla**, 37 year, has over 16 year of business experience as an entrepreneur. He currently serves on the Board of several companies and is also the CEO and MD of Horizon Group of companies which include divisions in Outsourcing, Retail, F&B. He holds B.Com and M.Com degree and has completed an Executive Education course at Harvard Business School, USA in Launching New Ventures.

**Mr. Puneet Kumar Manglik**, Whole Time Director, 56 year, holds a degree in Masters of Business Administration - Production from Newport University and is a Bachelor in Science with over 23 year experience in various capacities at different levels of management. His last assignment was with Gillette India Limited in the oral care division as a member of Manufacturing and Technical Operations looking after quality assurance and handling contract manufacturing locations.

His strength lies in the formalization and implementation of systems in the Organization through development of MIS within different departments of our Company right up to the Board of Directors. He has a good exposure in oral care, which further enhances value to our existing systems. He gives practical and effective solutions to the various technology related issues in the Company.

### Other Information:

Name of Director	Gopal Krishan Nanda	Daljit Singh Grewal	Guninder Bhalla	Puneet Kumar Manglik
Date of Birth	02.01.1951	15.11.1936	23.07.1972	02.07.1953
Qualification	M. Sc. (Statistics)	FCWA, B.Sc.	M.Com.	MBA
Directorship/ Committee Membership held in other Companies Board	NIL	NIL	Horizon BPO Pvt. Ltd. PMGO Pvt. Ltd. MDS Pvt. Ltd.	JHS Svendgaard Hygiene Products Ltd. AR Textiles Pvt. Ltd.
Shareholding in the Company {Equity Shares}	120	1500	52997	NIL

On behalf of the Board  
For JHS Svendgaard Laboratories Limited

Place : New Delhi  
Date : August 25, 2009

sd/-  
Jagmohan Bijalwan  
Company Secretary

**DIRECTORS' REPORT**

**Dear Shareholders,**

Your Directors are pleased to present Fifth Annual Report and the Statements of Accounts for the year ended March 31, 2009.

**FINANCIAL RESULTS:**

The Financial highlights of the Company are given below: -

(Amount in Rs. Lacs)

<b>Particulars</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
Net Sales/Income from Operations	2799.43	3637.50
Other Income	36.80	92.58
Interest & Finance Charges	293.10	274.37
Depreciation	304.10	193.74
Profit before Tax	163.11	406.67
Provision for Tax	16.57	49.54
Profit after Tax	146.54	357.13
Paid up Equity Share Capital(Face Value of Rs.10/- each)	1290	1290
Reserves excluding revaluation reserves	4674.33	4529.99
Basic EPS (in Rupees not annualized)	1.14	2.85
Diluted EPS (in Rupees not annualized)	1.12	2.85

**DIVIDEND:**

Your Directors are pleased to recommend the Final Dividend of Rs.0.25 (2.5%) per share for the financial year ending March 31, 2009.

**PERFORMANCE REVIEW:**

Due to the current financial slow down in the national as well international market there has been decline in the revenue during the period under review. The net sales/income from operations has gone down to Rs.2799.43 Lac as compared to Rs.3637.50 Lac in the previous year. The Net Profit (after tax) has declined from Rs.357.13 Lac to Rs.146.54 Lac. This sharp decline in the profit of the Company is due to decline in sales, increase in the cost of material, consumed, manufacturing expenses, financial charges, and depreciation which have increased marginally.

**APPLICATION OF IPO AND PREFERENTIAL ALLOTMENT PROCEEDS:**

Out of Rs.3,886.19 Lac collected in IPO, total amount of Rs.3883.25 Lac was utilised up to March 31, 2009. The Company has Utilised the proceeds of preferential issue for its subsidiary company in Ras Al Khaimah, UAE and for the purpose of expansion of the business of the Company.

**ISSUE OF SHARES & WARRANTS:**

In the month of August, 2009, the Board decided to issue 11 Lac share warrants convertible into the equity share of Rs.10/- each to promoter and non- promoter investors. The warrants are proposed to be issued at Rs.30/- per warrant (including the premium of Rs.20/- per warrants) 25% 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. On July 31, 2008 the Company has issued 245008 equity options to its eligible employees, giving a right to each option holder to apply for one equity share of the Company, during the exercise period. Due to effect of economic downturn and its constraints on cash flows none of the employee could give their acceptance of the options given to them. Your Company have decided to reissue the option again as per the scheme. The Auditors' certificate pertaining to implementation of scheme in accordance with ESOP Guidelines will be placed before the shareholders in the forthcoming Annual General Meeting. Statement with reference to ESOP data is provided as Annexure A to the report.

**RECOGNITION/ AWARD:**

Your Company have received the Best Performing Enterprise Award "Runner-up" (Turnover from Rs.26 to 100 Cr.) at Plasticon Awards 2009 on February 4, 2009, for " the oral care business with a Complete Range of Oral Care Products including Toothbrush, Dental Plate Brush Toothpaste, Mouthwash, Mouth-rinse, Tongue Cleaner, Denture Tablets and Tooth powder, etc from 'The Plastindia Foundation' (organized by "the All India Plastic Manufacturers Association)".





## JHS Svendgaard Laboratories Limited

### DIRECTORS:

#### Reappointments

Mr. Gopal Krishan Nanda and Mr. Daljit Singh Grewal, Directors of the company, liable to retire by rotation at the forthcoming Annual General Meeting on September 22, 2009 and being eligible, offer themselves for re-appointment.

#### Appointments

Mr. Puneet Kumar Manglik was appointed as Additional Director and Whole-time Director on October 31, 2008 and his appointment as Director and Whole-time Director is to be confirmed by shareholders in the forthcoming Annual General Meeting on September 22, 2009.

Mr. Guninder Bhalla was appointed as Additional Director by the Board on August 13, 2009 and he is proposed as Independent Non Executive Director in the forthcoming Annual General Meeting on September 22, 2009.

### Resignation

During the year, Mr. Naveen Breja has resigned from the Directorship with effect from October 31, 2008.

### 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 22, 2009 and being eligible offers them selves for re-appointment.

### REMARK TO AUDITORS OBSERVATION:

The auditor in there report in point no 4 and 7 have suggested for improvement of internal control system and internal audit system. The Board has taken the remark into record and will take necessary actions for the improvement.

### 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**, was incorporated as 100% subsidiary of your company in 2007 in Ras Al Khaimah Free Trade Zone, UAE. The company is established for the trading in all personal care products, in the international market specially Middle-East Countries. The subsidiary will provide a platform for your Company to expend its market internationally.

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

**JHS Svendgaard Hygiene Products Limited** was formally known as Nikiven Personal Care Products Private Limited. As on March 31, 2009 your company holds 33.33% of the total paid up share capital of the subsidiary. The proposed project of subsidiary at Kala-Amb is already in advance stage and is proposed to be operative in the year 2010.

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 "B" & "C", 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 to this report.

### DEPOSITS:

The Company has not accepted any Deposits within the meaning of Section 58A of the Companies Act, 1956 and 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 March 31, 2009, the Board of Directors report that: -

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

**INDUSTRIAL RELATIONS:**

As on March 31, 2009, in all there were 70 employees on the roll of the Company. Out of these, 30 were at the executive level and the remaining 40 were in non-executive level. Apart from them, the workers have been appointed through Contractors.

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.

**ACKNOWLEDGEMENT:**

Your Directors takes this opportunity to express their deep gratitude to the esteemed customers, associates, suppliers and stakeholders for their continued support and co-operation.

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

Place : New Delhi  
Date : August 25, 2009

sd/-  
Nikhil Nanda  
Managing Director

sd/-  
Mukul Pathak  
Director