



Draft Red Herring Prospectus
Please read Section 60B of the Companies Act, 1956
(to be updated upon RoC filing)
Dated: [•], 2006
100% Book Building Issue

[Incorporated as JHS Svendgaard Laboratories Limited on October 8, 2005 with the Registrar of Companies Punjab, Himachal Pradesh & Chandigarh having Registered Office at Trilokpur Road, Kala Amb, Nahan Dist. Sirmour (HP)]

Registered Office: Trilokpur Road, Kala Amb, Nahan Dist. Sirmour (HP), Tel: +91 173 4395128 Fax: +91 173 4395130

Corporate Office: B-1/E-23, Mohan Co-op. Industrial Area, Mathura Road, New Delhi - 110 044, Tel: +91 11 30885601-03

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PUBLIC ISSUE OF 67,00,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE AGGREGATING RS. [•] LACS INCLUDING PROMOTERS CONTRIBUTION OF 5,00,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE (PROMOTER CONTRIBUTION) AND NET ISSUE TO PUBLIC OF 62,00,000 EQUITY SHARES OF RS. 10 EACH (NET ISSUE). THE NET ISSUE WILL CONSTITUTE 49.60 % OF THE FULLY DILUTED POST-ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: RS. [•] TO RS. [•] PER EQUITY SHARE OF FACE VALUE RS. 10 EACH

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- EACH. THE FLOOR PRICE IS [•] TIMES AT LOWER END OF THE PRICE BAND AND [•] TIMES AT THE HIGHER END OF THE PRICE BAND.

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to The National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and at the terminals of the Syndicate.

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remaining QIB Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, at least 15% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- each and the Issue Price is [•] times of the face value. The Issue Price (as determined by the Company in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/ or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. We have not obtained any grading for issue of the Equity Shares. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page no. x. of this Draft Red Herring Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accept responsibility for and confirm that this Draft Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the NSE and the BSE. The Company has received in-principle approvals from the NSE and the BSE for the listing of the Equity Shares of the Company pursuant to letters dated [•] and November [•], respectively. BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS ("BRLMs")			REGISTRAR TO THE ISSUE
UTI BANK Solutions for a lifetime UTI BANK LIMITED Central Office 111, Maker Tower, F Wing, Cuffe Parade, Mumbai – 400 005 Tel : + 91 22 5507 1312 Fax : + 91 22 2216 2467 Email : utibmbd@utibank.co.in Website: www.utibank.co.in	CENTRUM CAPITAL LIMITED Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate, Mumbai – 400 020 Tel : + 91 22 2202 3838 Fax : + 91 22 2204 6096 Email : svendgaard@centrum.co.in Website : www.centrum.co.in	BAJAJ CAPITAL LIMITED Bajaj House, 97 Nehru Place, New Delhi - 110 019. Tel : + 91 11 5169 3000 Fax : + 91 11 2647 6638 Email: vineetas@bajajcapital.com Website: www.bajajcapital.com	INTIME SPECTRUM REGISTRY LIMITED SPECTRUM C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai – 400078 Tel : +91 22 2596 0320 Fax : +91 22 2596 0329 Email: jhsipo@intimespectrum.com Website: www.intimespectrum.com
BID / ISSUE PROGRAMME			
BID/ISSUE OPENS ON: [•]		BID/ISSUE CLOSES ON: [•]	

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SECTION I

GENERAL

1. CONVENTIONAL/GENERAL TERMS

Term	Description
Companies Act	The Companies Act, 1956, as amended from time to time
Contract Labour Act	Contract Labour (Regulation & Abolition) Act, 1970
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended.
Depository Participant	A depository participant as defined under the Depositories Act.
Equity Shares	Equity Shares of JHS Svendgaard Laboratories Limited of face value of Rs. 10 each unless otherwise specified in the context thereof
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
Financial Year/ Fiscal/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
I.T. Act	The Income Tax Act, 1961, as amended from time to time
I.T. Rules	The Income Tax Rules, 1962, as amended from time to time
Negotiable Instruments Act	Negotiable Instruments Act, 1881 as amended from time to time
RBI	Reserve Bank of India, constituted under the RBI Act
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
US GAAP	Generally Accepted Accounting Principles in the United States of America

ISSUE RELATED TERMS

Term	Description
Allotment/Allotment of Equity Shares	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Allottee	The successful bidder to whom the Equity Shares are/have been issued.
Banker(s) to the Issue	[●]
Bid	An indication to make an offer during the Bidding/Issue Period by a prospective investor to subscribe to the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder pursuant to the Bid in the Issue.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to/purchase the Equity Shares and which will be considered as the application for issue of the Equity Shares in terms of this Draft Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which the prospective Bidders can submit their Bids
Bid/Issue Opening Date	The date on which the Syndicate Members shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper and a Hindi national newspaper and a regional newspaper.

Bid/Issue Closing Date	The date after which the Syndicate Members will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and a Hindi national newspaper.
Book Building Process/Method	The Book-Building route as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which the Issue is being made.
BRLMs/Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being UTI Bank Limited Centrum Capital Limited and Bajaj Capital Limited
Bajaj/Bajaj Capital	Bajaj Capital Limited
CAN/Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Centrum/Centrum Capital	Centrum Capital Limited
Cut-off Price	Any price within the Price Band finalized by the Company in consultation with the BRLMs. A Bid submitted at Cut-Off Price is a valid Bid at all price levels within the Price Band. Only Retail Individual Bidders are entitled to bid at Cut-Off, for a Bid not exceeding Rs. 1,00,000/-.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars of the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the Registrar of Companies at least three days before the Bid/Issue Opening Date. It will be termed as Prospectus upon filing with the Registrar of Companies after the Pricing and Allocation.
Escrow Account/Escrow Collection Account	An Account opened with Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid and the Allocation amount paid thereafter.
Escrow Agreement	Agreement entered into among the Company, the Registrar to the Issue, the Escrow Collection Bank(s), the BRLMs and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks in which the Escrow Account of the Company will be opened.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
FVCI	Foreign venture capital investor, registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
Issue	Public issue of 67,00,000 Equity Shares at the Issue Price of Rs. [●] per Equity Share for cash aggregating to [●] Lacs issued under this Draft Red Herring Prospectus.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Draft Red Herring Prospectus, as determined by the Company in consultation with the BRLMs on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, which may

	be 10% or 100% of the Bid Amount as applicable.
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Net Issue/ Net Issue to the Public/Net Offer to the Public	The Issue of 62,00,000 Equity Shares of Rs. 10 each fully paid up at the Issue Price aggregating to Rs. [●] Lacs.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for an amount more than Rs.1,00,000.
Non-Institutional Portion	The portion of the Net Issue, being at least 15% of the Net Issue, i.e. 9,30,000 Equity Shares of Rs. 10 each aggregating to [●] Lacs, available for allocation to Non-Institutional Bidders.
Non-Resident	All Bidders who is not an NRI or an FII and is not person resident in India
NRI/Non-Resident Indian	A person resident outside India, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly, as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended. OCBs are not permitted to invest in this Issue.
Pay-in Date	The Bid/Issue Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.
Pay-in Period	This term means a) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and b) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in-Date as specified in the CAN.
Price Band	The price band with a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs. [●] and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLMs finalizes the Issue Price.
Prospectus	The prospectus filed with the RoC in accordance with the provisions of Section 60 of the Companies Act containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
QIB Margin	An amount representing 10% of the Bid Amount that QIBs are required to give at the time of submitting their Bid
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, Mutual Funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, Foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable laws) with minimum corpus of Rs.2500 Lacs and pension funds (subject to applicable laws) with minimum corpus of Rs.2500 Lacs.
QIB Portion	The portion of the Issue being a minimum of 50% of the Net Issue, i.e. 31,00,000 Equity Shares of Rs. 10 each aggregating to Rs. [●] Lacs available for allocation to QIBs, of which 5% shall be reserved for Mutual Funds.
Registrar/Registrar to the Issue	Intime Spectrum Registry Ltd., having its registered office at C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai – 400078
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares for an amount more than Rs. 1,00,000 in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue being at least 35% of the Net Issue, i.e. 21,70,000

	Equity Shares of Rs. 10 each aggregating to Rs. [●] Lacs available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	The document issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI DIP Guidelines/SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI on January 27, 2000, as amended including instructions and clarifications issued by SEBI from time to time.
Stock Exchanges	Bombay Stock Exchange Ltd. And The National Stock Exchange of India Ltd.
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into amongst the Company and the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	[●]
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid.
UTI Bank	UTI Bank Limited
Underwriters	[●]
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.
VCF	Venture Capital Funds registered with SEBI under SEBI (Venture Capital Funds) Regulations, 1996, as amended from time to time

COMPANY/INDUSTRY RELATED TERMS/DEFINITIONS

Term	Description
Articles/Articles of Association	Articles of Association of JHS Svendgaard Laboratories Limited
Anchor free Technology	Fitting of brush without using the anchor wire
Auditors	M/s Haribhakti & Co., Chartered Accountants
Board of Directors/Board/Directors	The Board of Directors of JHS Svendgaard Laboratories Ltd. Or a committee constituted thereof unless otherwise specified
Backer Card	Card used for sealing of toothbrush
Corporate Office	B-1/E-23, Mohan Co-op Industrial Area, Mathura Road, New Delhi – 110 044
“JHS Svendgaard Laboratories”, “JHS”, “Svendgaard”, “JHS Svendgaard”, “Company”, “our Company”, “the Company” “we” or “us”	Unless the context otherwise requires, refers to, JHS Svendgaard Laboratories Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Trilokpur Road, Kala Amb, Nahan District, Sirmour, Himachal Pradesh
Manufacturing Units of the Company	Unit I – Sunehari Svendgaard Laboratories, Unit II – Sunehari Oral Care and Unit III – Jai Hanuman Export
Memorandum/Memorandum of Association	The Memorandum of Association of JHS Svendgaard Laboratories Ltd.
PLEX Council	The Plastics Export Promotion Council

Project	Setting up of integrated facility at Kala Amb in Himachal Pradesh and expansion of existing installed capacity at Unit III
Promoter	Mr. Nikhil Nanda
Registered Office of the Company	Trilokpur Road, Kala Amb, Nahan District, Sirmour, Himachal Pradesh
Slugging	Mixing water in powder to make slurry
Granulated	Conversion of powder to granules
Tufting	Fitting bristles in handles
Rotary Tablet Punching Machine	Machine which punches tablets from powder
Unit I – Sunehari Svendgaard Laboratories/Unit I – SSL	B-1/E-23, Mohan Co-operative Industrial Area, Mathura Road, New Delhi - 110 044
Unit II - Sunehari Oral Care/Unit II – SOC	B-1/E-13, Mohan Co-operative Industrial Area, Mathura Road, New Delhi - 110 044
Unit III – Jai Hanuman Exports/Unit III – JHE	H- 3A, SDF, NSEZ, Noida Phase II, Dadri Road, Gautam Budh Nagar, Uttar Pradesh

ABBREVIATIONS

Abbreviation	Full Form
A/c	Account
AGM	Annual General Meeting of the shareholders
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Bn	Billion
BSES	Bombay Suburban Electricity Supply
CAGR	Compounded Annual Growth Rate
CAM	Computer Aided Machine
CC	Cash Credit
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIF	Cost Insurance Freight
CIT	Commissioner of Income Tax
CNC	Computer Numeric Control
CST	Central Sales Tax
CVD	Countervailing Duty
CY	Current Year
DEPB	Duty Exemption Pass Book Scheme
DPCO	Drugs Prices Control Order
EBITDA	Earning Before Interest Tax Depreciation and Amortisation
EGM	Extraordinary General Meeting
EHTP	Electronic Hardware Technology Park
EOU	Export Oriented Unit
EPCG	Export Promotion Capital Goods
EPS	Earnings Per Equity Share
Euro	Currency of European Union
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and regulations framed there under
FII(s)	Foreign Institutional Investors as defined under FEMA (Transfer or Issue of Security by a person Resident outside India) Regulations 2000, registered with SEBI
FIPB	Foreign Investment Promotion Board
FMCG	Fast Moving Consumer Goods

FTA	Free Trade Agreement
FY	Financial Year
GIR Number	General Index Registration Number
GoI	Government of India
GP	Gross Profit
GST	General Sales Tax
HC	High Court
HP	Himachal Pradesh
HPSEB	Himachal Pradesh State Electricity Board
HR	Human Resources
HNI	High Net worth Individual
HUF	Hindu Undivided Family
IRS	Indian Revenue Services
IPO	Initial Public Offering
JHE	Jai Hanuman Exports
KVA	Kilo Volt Ampere
LNG	Liquid Natural Gas
LPG	Liquid Petroleum Gas
Mm	Millimetre
Mn	Million
MoU	Memorandum of Understanding
MRP	Maximum Retail Price
MT	Metric Ton
MW	Mega Watt
NA	Not Applicable
NAV	Net Asset Value
NOC	No Objection Certificate
NR	Non-resident
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSE	The National Stock Exchange of India Limited
NSEZ	Noida Special Economic Zone
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PLEX Council	The Plastic Export Promotion Council
PTA	Preferential Trade Agreement
PVC	Poly Vinyl Chloride
QPIC	Means the Quarterly Performance Indexed Compensation, being a variable component of the remuneration payable to certain categories of employees on a quarterly basis and is dependent on the achievement of specific targets
R & D	Research and Development
RBI	The Reserve Bank of India
RONW	Return on Net Worth
Rs. / INR	Indian Rupees
SC	Supreme Court of India
SEBI (SAST) Regulations, 1997	Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997
SEK	Swedish Krona the official currency of Republic of Sweden
SEZ	Special Economic Zone
SIA	Secretariat for Industrial Assistance
SIL	Special Import License
SOC	Sunehari Oral Care
SSL	Sunehari Svendgaard Laboratories

STP	Software Technology Park
Sq. Ft.	Square Feet
Sq. Mt.	Square Metre
US	United States of America
US FDA	United States Food and Drugs Administration
USD or \$ or US \$	United States Dollar
VAT	Value Added Tax
WTO	World Trade Organisation

2. CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Draft Red Herring Prospectus, the terms “JHS Svendgaard Laboratories”, “JHS”, “Svendgaard”, “JHS Svendgaard”, “Company”, “our Company”, “the Company” “we”, “us” or “our” unless the context otherwise indicate or implies, refers to JHS Svendgaard Laboratories Limited, a public limited company incorporated under the Companies Act, 1956.

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “lacs” means “one hundred thousand”, the word “million” or “mn.” means “ten lac” and the word “crore” means “ten million”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off. Throughout this Draft Red Herring Prospectus, currency figures have been expressed in Rs. Lacs.

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP and audited by our Statutory Auditors. Our fiscal year commences on April 1 and ends on March 31.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

The calculation of revenues by customer geography is based on the location of the specific customer entity for which services are performed, irrespective of the location where a billing invoice may be rendered.

For additional definitions, please refer to the section titled “Definitions and Abbreviations” on page no. v of this Draft Red Herring Prospectus. In the section titled “Main Provisions of the Articles of Association” on page no. 147 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company.

Market and industry data used throughout this Draft Red Herring Prospectus have been obtained from publications available in the public domain and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The exchange rates used for the purpose of converting US Dollars into Indian Rupees in this Draft Red Herring Prospectus is USD 1.00 = Rs. 45.07 as per the Reserve Bank of India reference rate on December 30, 2005.

The exchange rates used for the purpose of converting Euro into Indian Rupees in this Draft Red Herring Prospectus is €1.00 = Rs. 53.55 as per the Reserve Bank of India reference rate on December 30, 2005.

The exchange rates used for the purpose of converting SEK into Indian Rupees in this Draft Red Herring Prospectus is SEK 1.00 = Rs. 5.66 as per the reference rate on December 30, 2005. (Source: www.x-rates.com)

3. FORWARD-LOOKING STATEMENTS

We have included statements in this Draft Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expression or variations of such expressions, that are “forward-looking statements”.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to:

- Regulatory changes relating to the industry in India and our ability to respond to them;
- Our ability to successfully implement our strategy;
- Our growth and expansion, technological changes;
- Our exposure to market risks, general economic and political conditions in India, which have an impact on our Business activities or investments;
- The monetary and fiscal policies of India;
- Inflation, deflation, volatility in interest rates;
- Fluctuations in foreign exchange rates;
- Volatile equity markets;
- The performance of the financial markets in India;
- Changes in domestic and foreign laws, regulations & taxes; and
- Competition in our industry.

For further discussion of factors that could cause our actual results to differ, please refer to section titled ‘Risk Factors on page no. x of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLMs nor any member of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II

RISK FACTORS

An investment in equity involves a higher degree of risk. Investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our equity shares. Any of the following risks as well as other risks and uncertainties discussed in this Draft Red Herring Prospectus could have a material adverse affect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section.

PROJECT RELATED RISKS

The objects of the Issue for which funds are being raised have not been appraised by any bank, financial institution or an independent organisation

The requirement of funds as stated in the section titled ‘Objects of the Issue’ on page no. 17 of this Draft Red Herring Prospectus is based on the internal management estimates and has not been appraised independently by any bank, financial institution or any independent organisation. All the figures included under the “Objects of the Issue” are based on our own estimates.

We are yet to place orders for certain plant and machinery, equipment's etc. as stated on section titled “Objects of the Issue” on page no. 17 of this Draft Red Herring Prospectus

The net proceeds of the Issue are proposed to fund the expansion of production capacity and installation of machineries. We are yet to place orders for procuring plant and machinery to the tune of Rs. 3819.44 lacs, which forms 99.03% of the total cost. Any delay in placing the orders or procurement of plant and machinery may delay implementation schedule of the proposed project. Such delays may also lead to increase in prices of these equipments further affecting our cost and profit estimates.

We have not identified alternate sources of financing the “Objects of the Issue”. If we fail to mobilize resources as per our plans, we may be severely affected.

Any failure or delay on our part to mobilize required resources may delay the scheduled implementation of the expansion project and could adversely affect our growth plans.

Delay in completing capacity expansion and setting up integrated plant at Kala Amb in the State of Himachal Pradesh could adversely affect our growth plans

Any delay in completing the project contemplated for any reason whatsoever could result in a significant cost and time overrun. Due to these time and/or cost overrun, the overall benefit of such plans to our revenues and profitability may decline.

Pending registration of some of the property to be used for our expansion project

We have identified approximately 19.04-bigha i.e. approximately 30853.03 sq. mts. of land for the present expansion project. Out the said 19.04 bigha of land we have already entered into a Sale Deed for the land admeasuring 12.01 bigha i.e. approximately 19461.39 sq. mts with Mr. Sita Ram and Mr. Roshan Ali (General Power of Attorney holders) and have paid the sale consideration of Rs.44. 65 lacs (inclusive of stamp duty of Rs. 4.28 lacs) and the same has been registered in the name of the Company.

However for the balance 7.03 bigha i.e. approximately 11391.64 sq. mts. of land the Company has entered into Agreement for Sale with the various sellers of land and have paid the sale consideration of Rs. 42.20 lacs, though the Company has received the possession of the said land, but the same is pending for registration. The potential consequence of this could be that the said title documents may not be admissible as evidence in a court of law

INTERNAL RISK FACTORS

Our revenue is highly dependent on limited number of buyers.

Presently we are deriving a substantial portion of our revenues from a limited number of clients in domestic as well as international markets. There may be number of factors including qualitative factors, other than our performance, which may not be predictable that could cause loss of clients. Further, any significant reduction in demand for our products from our key clients, any requirement to lower the prices offered by these clients or any loss or financial difficulties caused to these clients, change in relationship with the clients could have a material adverse effect on our business, results of operations, financial conditions and cash flow.

Our buyers prescribe various standards, which we are required to comply with, and they conduct regular audits to check its compliance

Quality of our products plays a very vital role. Most of our exports are to customers in the developed markets, where they have strict environmental, manufacturing, employee and other legislations. Any deterioration in quality and non-compliance on our behalf with respect to customers requirements/specifications and dissatisfaction by customers during their audit checks can lead to loss of customers and thus result in losses and affect our future results of operations.

We do not have long-term contracts with our buyers

The arrangements between the Company and buyers do not guarantee any long-term relationship between the parties.

Dependence on few products

Broadly the current business model of the Company is restricted in the areas of toothbrushes, toothpaste, denture cleaning effervescent tablets, mouth rinse, whitening gel, whitening mouthwash segments of the Oral and Dental Care products, which do not form complete range of the industry and as the Company do not have marketing strength potent enough to compete with the well established players in the industry. The Company has only recently ventured into production of whitening mouthwash, whitening gel and mouth rinse and are currently heavily dependent on its production of toothbrushes and to some extent on production of toothpaste to contribute towards its sales revenue.

Negative Covenants in Agreements entered with our customers

Our Company manufactures oral and dental health care products as private label manufacturers for various national and international brands. For this we have entered into agreements/contracts with our clients. There are certain negative covenants in the said agreements including non-disclosure of the names of these clients; any violation of these conditions may harm the interest of the Company and its shareholders.

Dependence on few suppliers for raw material procurements

We rely on few suppliers for meeting our raw material requirements; any change in relations with these suppliers could have a material adverse effect on our operations.

Intrinsic value of proprietorship taken over by the Company

For consolidation of business three proprietorships concerns viz., Sunehari Oral Care (SOC) (Proprietor Mr. Nikhil Nanda), Sunehari Svendgaard Laboratories (SSL) (Proprietor Ms. Sushma Nanda), and Jai Hanuman Exports (JHE) (Proprietor Mr. Nikhil Nanda), were taken over as going concern by the Company effective April 1, 2005 vide agreement dated July 27, 2005 and supplementary agreement dated August 1, 2005. In consideration the transferor proprietors were issued equity shares of the Company, the consideration may not necessarily reflect the intrinsic valuations of the business acquired by us.

Under utilisation of capacity

The Company plans for a major expansion with regards to expected increase business, however, in case the expected business doesn't fructify, the same may lead to substantial under utilisation of capacity leading to cost overrun due to higher fixed cost of a bigger set up.

Risk associated with contingent liabilities

The outstanding Contingent liabilities of the Company as on December 31, 2005 are given below:

(Rs. in lacs)

Particulars	Amount
Guarantees given by banks	18.00
Outstanding Letter of Credit	80.49
Bill discounted with the Bank	249.96
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	44.54
Total	392.99

Patent and Trademarks:

The trademarks & patents applications have been filed by the proprietorship concerns taken over by the Company few of these are registered and few are pending for registration before the appropriate authorities. The Company is yet to file application for having them registered in its own name. Further we are yet to make our application for corporate logo of our Company. For more details, please refer to the section titled 'Intellectual Property Rights' on page no. 112 of this Draft Red Herring Prospectus.

Licensing and Approvals

Our Company requires certain registrations and licenses/consents for operating the business, for which we have applied. There are certain other licenses/registrations in the name of the erstwhile proprietary concerns which are pending for conversion in the name of the Company. If in future the Company fails to obtain approval of any of these registrations and licenses/consents in a timely manner, the business of our Company may be adversely affected. For more information, see "Government and other Approvals" on page no. 108 of this Draft Red Herring Prospectus.

Lower level of entry barriers

The oral and dental health care industry is marked with high penetration of new players as the sectors in principal does not require any special technical expertise, the regulation does not bar any new entrant from any eligibility.

Reserved for Small Scale Industries

As per the industrial policy manufacturing toothbrushes are reserved for Small Scale Industries, but the same can also be undertaken by non small-scale sectors, if they apply for and obtain an industrial license. The Company has been granted an Industrial License by the Ministry of Commerce and Industry Department of Industrial Policy & Promotion vide their letter dated February 10, 2006 for establishment of new undertaking at Kala Amb, Nahan, District Sirmour, State of Himachal Pradesh for manufacture of Toothbrushes subject to the Company fulfilling a minimum export obligation of 50% of the new or additional annual production to be achieved within a maximum period of three years. The inability of the Company to fulfil the minimum required export obligation will debar it to produce toothbrushes. Any deregulation in the Industrial Policy could open the sector to all Indian and multinational players reducing the competitiveness of the Company.

Limited experience of managing project size of such magnitude

Thrust of the Expansion Project is to manifold increase the production and export of toothbrushes and other oral care products. Inexperience of our Promoter in execution and operation of integrated plants may lead to delay in implementation of the Expansion Project.

Limited experience of managing corporate affairs of widely held companies

So far, our Promoter was running his business through partnership firms, proprietary concerns and closely held companies. Therefore our promoter has limited experience in managing compliance requirements applicable to widely held companies. Inability of our Promoter to respond appropriately to the changed regulatory environment applicable to widely held companies may adversely affect our Company.

Threat of low cost inputs

The low cost import from countries with low manufacturing cost may place the Company in a disadvantages situation in short and medium term.

Key managerial personnel

The performance of our Company is dependent on the capabilities of few young executives and promoter. The inability of the Company to hire, retain and develop the key managerial personnel will affect future prospects of the Company.

Export obligation under the import export policy

We have imported certain equipments at concessional duty under various licenses pursuant to the Export Promotion Capital Goods (EPCG) scheme and have availed duty concession. As a result, we have assumed export obligations, which we are required to fulfill within a period of eight years from the date of the issue of the respective licenses. The total export obligation is estimated at USD 4,91,930/- (approx. Rs. 221.71 lacs), which will have to be fulfilled within a period of eight years from date of the respective licenses, or such extended period as may be allowed from time to time. The consequence of not meeting the above commitment would be a retrospective levy of import duty on items previously imported at concessional duty. Additionally, the respective authorities have rights to levy penalties and/or interest for any defaults on a case-by-case basis. For more details, please refer to the section titled 'Business Overview' on page no. 41 of this Draft Red Herring Prospectus.

Post listing our Promoter and members of our Promoter Group will continue to be the largest shareholders in our Company, which will allow them to determine the outcome of shareholder resolutions/board resolutions

Upon completion of the Issue, the members of our Promoters and Promoter Group will collectively hold 50.33 % of the paid-up equity capital of the Company. With the largest equity stake in the Company, the Promoters and Promoter Group will be able to influence matters requiring, shareholders' approval, such as approval of financials of the Company, declaration of dividend etc. For more details, please refer to the section titled 'Capital Structure' on page no. 11 of this Draft Red Herring Prospectus.

Our Company has entered into loan agreements

Our Company has taken a term and number of other loans from various banks/financial institutions, for which its immovable and movable properties have been offered as security. If we default on the repayment of debt, our lenders could enforce their security interests on our assets limiting our ability to carry out operations. In addition, default under our credit facilities could limit our ability to raise additional funds in the future.

We rely on contract labour for the performance of many of our operations

We rely on contractors who engage on-site labourers for performance of many of our unskilled operations. The requirement of these contract labourers are presently met through three Contractors, any change in relationship with them may adversely affect our operations. The Company has made an application for registration of its establishment for employing contract labourers. We are yet to receive the copy of the registration certificate permitting us to act as a principal employer under the Contract Labour (Regulation and Abolition) Act, any delay or non-receipt of this registration may adversely affect our ability to employ contract labour and our operations.

Further, on an application made by the contract labourers, the appropriate court/ tribunal may direct that the contract labourers are required to be regularized or absorbed, and/or that our Company pay certain contributions in this regard.

Properties utilised by us on a leasehold/ license basis

3 (three) out of 4 (four) properties used by us for our business are leasehold or have been taken on a leave and license basis. Any termination of these leases/licenses whether due to any breach or otherwise, or non-renewal thereof, could adversely affect our business operations. For more details, please refer to the section titled 'Our Management' on page no. 64 of this Draft Red Herring Prospectus.

Observance of arm's length principle amongst promoters/relatives of promoters

The Company has entered into leave and license agreements for two properties owned by promoter/companies in which the relatives of the promoter are interested. The license fees/rents/security deposits payable under such agreements have not been calculated on the basis of any valuation report of an independent valuer, but on the basis of rents prevalent in the vicinity of the said properties for similar properties.

Thus, there is no surety of the reasonableness of the consideration payable above, which could be higher than amounts determined on a valuation by an independent valuer. For more details, please refer to the section titled 'Our Management' on page no. 64 of this Draft Red Herring Prospectus.

Some of the title deeds pertaining to properties utilised by us are not adequately stamped and registered

The title deeds to some of the properties may not be adequately stamped and registered. The potential consequence of this could be that the said title documents may not be admissible as evidence in a court of law, until the relevant stamp duties and penalties are paid and the relevant registration, if required, is done. Any claim or adverse order/ finding in connection with these properties could adversely affect our operations.

We may not be fully insured for business losses

We have not taken any insurance for protecting us from future business losses and in the event of such losses occurring the operations of our Company may be affected significantly. However, we adequately insured our assets and properties.

Outstanding litigations

There are certain outstanding litigations against our Company, our director, our Promoter. No assurance can be given as to whether these matters will be settled in favour of or against our Company/Promoter/director. Nor can any assurance be given that no further liability will arise out of these claims. A summary of the said pending litigation and proceedings is as follows:

i. *Proceedings pending against our Company:*

Type of cases	No. of cases	Amount involved
Civil	1	Rs. 0.72 lacs

ii. *Proceedings initiated by our Company:*

Type of cases	No. of cases	Amount involved
Criminal: Dishonoured Cheques Section 420 (Indian Penal Code)	1	Rs.1.69 lacs

iii. *Proceedings against the Promoters and Directors of our Company:*

There are three civil cases pending against Mr. D S Grewal.

There is a one-tax proceeding pending against Mr. Nikhil Nanda before the Income Tax Appellate Tribunal.

For details of the outstanding litigations, please refer to the section titled 'Outstanding Litigation' on page no. 103 of this Draft Red Herring Prospectus.

Availing of tax benefits by our Company and/or the shareholders will be subject to fulfilment of certain conditions

Our Company and/or the shareholders will be eligible for certain tax benefits as enumerated in the section titled 'Statement of Possible Tax Benefits' on page no. 29 of this Draft Red Herring Prospectus. However, several of these benefits are dependent on our Company or the shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws, non-fulfilment of which may make our Company and our shareholders ineligible for these benefits.

EXTERNAL RISK FACTORS

Difficulty in keeping pace with technological advancement may have an adverse impact on our business

Technology plays a vital role in the FMCG sector. If we are unable to keep pace with advancements in technology, we may lag behind our competitors in terms of quality, efficiency and costs.

Exchange Rate Fluctuations may have impact on the performance of the Company.

The Company is exposed to exchange rate fluctuations. As at least 50% revenues are from export sales. Uncertainties in the global financial market may have an adverse impact on the exchange rate between Rupee vis-à-vis other currencies. The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Such fluctuations can have a serious impact on the revenues from the export business of the Company.

Changes in the regulatory framework set up for the growth of industry/sector in which the Company operates may affect the operations of the Company adversely.

Recently, the Government of India and the State Government of Himachal Pradesh, the state in which the Company proposes to base its manufacturing operations has introduced various policies and fiscal measures to accelerate the growth of manufacturing sector including, duty/tax reimbursement schemes like duty drawback/DEPB/Sales Tax Benefits. Withdrawal or unfavourable modifications in these measures may adversely impact the revenues and profitability of the Company.

Probable opposition to sourcing goods from India.

Potential threats to the domestic manufacturing industry in developed countries and geographies that are not as competitive as India and other low cost countries has led to a growing political opposition to sourcing goods produced from countries such as India. Any increase in such opposition can lead to non-quantitative restrictions being imposed on export of our products from India and other low cost countries and impact the growth of manufacturing industry players in such countries. Additionally, developed countries can impose anti surge restrictions if growth of exports from any geography exceeds certain acceptable limits. Such restrictions can adversely impact the growth of the Company.

Emergence of competition from other manufacturing countries having Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) with the major importing countries.

While quantitative restrictions stand eliminated with the removal of quotas, certain countries which enjoy FTAs/PTAs with major importing countries may have an advantage by way of lower or zero import tariffs over exporters from countries that do not have such agreements. India currently is not party to such agreements.

Political situation and changes in the Government of India may affect the performance of the Company.

The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support continued economic liberalization. There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatisation could slow down the pace of liberalization and deregulation. A significant change in India's economic liberalization and deregulation policies could disrupt the business and economic conditions in India.

Increasing employee compensation in India may reduce some of our competitive advantage

Increase in compensation payable to employees in India may reduce some of the competitive advantage and may negatively affect our profit margins. Employee compensation in India is increasing at a fast rate, which could result in increased costs relating to engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive.

Natural disasters could disrupt our operations and result in loss of revenues and increased costs.

The business of the Company is exposed to man-made and natural disasters such as, explosions, earthquakes, storms and floods. The occurrence of a man-made or natural disaster, or other accidents could disrupt the operations of the business of the Company and result in loss of revenues and increased costs.

After the Issue, the price of the equity shares may be highly volatile or there may be no active market for the Equity Shares that may be due to various reasons including the following:

Prior to the Issue, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. Post listing, the price of our Equity Shares may show large swings on account of several factors as follows:

- General economic conditions in India
- Financial performance of our Company vis-a-vis our competitors
- Investors perception regarding the oral care industry
- Changes in government policies a positive or negative having impact on industry.
- Selling pressure due to bearish market conditions

The BSE Sensex is trading at its historic peak level and most of the stocks are trading at an all-time high price. The current prices may not be reflective of the intrinsic value of the respective Company. Therefore, in future, the sustainability of such valuation seems to be difficult.

Notes to Risk Factors:

1. Public Issue of 67,00,000 Equity Shares of Rs. 10/- each for cash at an Issue Price of Rs. [●] per Equity Share aggregating to Rs. [●] lacs (the 'Issue') by our Company.
2. The Net worth of the Company as per the financial statements of the Company before the Issue (as on December 31, 2005) was Rs. 571.37 lacs.
3. The average cost of acquisition of one Equity Share of the Promoter Mr. Nikhil Nanda is Rs. 16.83/- per share. The Book value per share as on December 31, 2005 is Rs. 18.73 per share of Rs.10/- each.
4. The Issue is being made through the 100% Book Building Process wherein atleast 50% of the Net Issue shall be allocated to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, minimum 15% of the Net Issue would be allocated to Non-Institutional Bidders and minimum 35% of the Net Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.
5. Other than as disclosed in the "Related Party Information" on page no. 77 of this Draft Red Herring Prospectus, the promoters/directors/key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits.
6. None of the other Ventures of the Promoters have business interests/other interests in the Issuer Company except as disclosed in the "Related Party Information" on page no. 77 of this Draft Red Herring Prospectus
7. No loans and advances have been made to any person(s)/Companies in which the Director(s) of the Company are interested except as stated in the Auditors Certificate. For details please refer to section titled "Financial Information" on page 79 of the Draft Red Herring Prospectus.
8. The Investors are advised to refer to the Para on "Basis for Issue Price" on page no. 27 of this Draft Red Herring Prospectus before making any investment in this Issue.
9. Investors may note that in case of over-subscription, in the issue allotment to non institutional and retail portion allotment shall be on proportionate basis for more information, see "Basis of Allotment" beginning on page no. 141 of this Draft Red Herring Prospectus.

10. The Investors may contact the Book Running Lead Managers to the Issue or the Compliance Officer for any complaint/clarification/information pertaining to the Issue, who will be obliged to attend to the same.
11. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, or associate.

SECTION III

INTRODUCTION

1. OVERVIEW OF THE COMPANY

Our Company was incorporated on October 8, 2004 to carry out the business of manufacturing, exporting, importing, trading, buying and selling of oral hygiene products (including tooth brushes and toothpastes) whether raw, semi-finished or finished. Mr. Nikhil Nanda is the promoter of our Company.

Our Company vide an agreement dated July 27, 2005 and supplementary agreement dated August 1, 2005 took over the businesses on a going concern basis from the three proprietary concerns namely M/s. Sunehari Svendgaard Laboratories, M/s Sunehari Oral Care and M/s Jai Hanuman Exports with effect from April 1, 2005

We are a dental and oral health care products manufacturing Company manufacturing a wide variety of dental and oral care products, we are private label manufacturers for many domestic as well as global brands. Though not significant we also exclusively manufacture and sell toothpaste under the brand name 'TAAZGI' in the local market. Initially we started our business by manufacturing only toothbrushes. Further going ahead and realising the vast growth potential for the oral care market in India, coupled with a ready open market globally, we have very recently also ventured into the oral care segment. Our products include:

- Toothbrushes
- Toothpaste
- Whitening Gel
- Whitening Mouth Rinse
- Denture Cleaning Effervescent Tablet
- Tongue Cleaners

To have stable revenues, we have consciously followed the strategy of having a sales mix of export and domestic sales roughly in a proportion of 50:50 in rupee value.

We have our existing production facilities (Unit I & II) at New Delhi and a 100% Export Oriented Unit at Noida Special Economic Zone (Unit III) in the State of Uttar Pradesh.

Our strategy is primarily focused on constant product innovation, rationalisation of cost structure, increasing our production capacity to achieve economies of scale, enter the oral care market segment to have a wide range of products.

Our strategy includes to being the preferred private label supplier to the retail chains in India as well as to those who plan to enter the Indian market this shall provide our Company a ready platform to allow the retail giants replicate the model of International market by selling products in their stores under their own private label.

In-house designing facilities, lower turn around time, constant product innovations, good labour relations, operational efficiency and focused growth in the dental and oral care segment are our competitive strengths.

2. THE ISSUE

Equity Shares offered:	
Fresh Issue by the Company	67,00,000 Equity Shares, constituting 53.60 % of the post-issue paid up capital of the Company
of which	
Promoter's Contribution	5,00,000 Equity Shares
Net Issue to the Public	
	62,00,000 Equity Shares, constituting 49.60 % of the post-issue paid up capital of the Company
of which	
A) Qualified Institutional Buyers portion	Atleast 31,00,000 Equity Shares, constituting minimum 50% of the Net Issue to the Public <i>(Allocation on a proportionate basis, of which 5% shall be reserved for Mutual Funds i.e. upto 1,55,000 Equity Shares)</i>
B) Non-Institutional Portion	Minimum 9,30,000 Equity Shares, constituting minimum 15% of the Net Issue to the Public <i>(Allocation on a proportionate basis)</i>
C) Retail Individual Investors Portion	At least 21,70,000 Equity Shares, constituting minimum 35% of the Net Issue to the Public <i>(Allocation on a proportionate basis)</i>
Equity Shares outstanding prior to the Issue	57,99,675 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding after the Issue	1,24,99,675 Equity Shares of face value of Rs.10/- each
Use of Issue proceeds	Please refer to the section titled "Objects of the Issue" on page no. 17 of this Draft Red Herring Prospectus for a detailed discussion on the objects of the Issue.

Notes:

Under-subscription, if any, in the Retail Individual Investors, and Non-Institutional Investors portion would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLMs.

3. SUMMARY OF FINANCIAL INFORMATION

The following tables sets forth the financial information of our Company derived from their restated and audited financial statements for the period 8th October 2004 to 31st March 2005 and for nine months period ended 31st December 2005, all prepared in accordance with Indian GAAP and SEBI guidelines, and included in the section titled “Financial Information” on page no. 79 of this Draft Red Herring Prospectus and should be read in conjunction with those financial statements and notes.

STATEMENT OF RESTATED ASSETS AND LIABILITIES		
Particulars	As at December 31, 2005	(Figures in Rs. Lacs) As at March 31, 2005
Fixed Assets (A)		
Gross Block	503.15	-
Less: Accumulated Depreciation	30.69	
Net Block	472.45	-
Capital Work in Progress	9.74	-
Total (A)	482.19	-
Investments (B)	0.00	-
Current Assets, Loans and		
Advances (C)		
Inventories	889.88	-
Sundry Debtors	833.28	-
Cash and Bank Balances	52.71	-
Other Current Assets	31.45	-
Loans and Advances	331.00	82.56
Total (C)	2138.32	82.56
Liabilities and Provisions (D)		
Secured Loans	485.60	-
Unsecured Loans	655.00	-
Deferred Tax Liability (Net)	3.51	-
Current Liabilities and Provisions	881.29	0.68
Total (D)	2025.39	0.68
Total (A+B+C-D) = (E)	595.13	81.88
Less : Share Application Money (F)	23.76	84.98
Net Worth (E-F)	571.37	(3.10)
Represented by		
1. Share Capital	305.10	5.10
2. Reserves	266.27	0.00
Total	571.37	5.10
Less: Miscellaneous Expenditure not written off	0.00	8.20
Net Worth	571.37	(3.10)

STATEMENT OF RESTATED PROFITS AND LOSSES		
		(Figures in Rs. Lacs)
Particulars	For the nine months period ended December 31, 2005	For the period October 8, 2004 to March 31, 2005
Income		
Operational Income	2302.79	-
Other Income	14.63	-
Increase/(Decrease) in Inventories	596.61	-
Total (A)	2914.03	-
Expenditure		
Cost of Raw Material/ Good Sold	2066.69	-
Manufacturing Expenses	113.58	-
Excise Duty	87.09	-
Employees' Emoluments	71.26	-
Administrative and Other Expenses	79.39	-
Interest & Financial charges	50.60	-
Selling & Distribution Expenses	110.36	-
Miscellaneous Expenditure written off	6.32	-
Total (B)	2585.31	-
Profit before Depreciation, Tax and	328.72	-
Extraordinary items		
Depreciation	30.69	-
Profit before Tax	298.03	-
Provision for Taxation		
- Current Tax	25.91	-
- Less/(Add) Deferred Tax	3.51	-
- Fringe Benefit Tax	2.24	-
- Wealth Tax	0.10	-
Profit after Tax as per Audited	266.27	-
Financial Statements		
- Less/(Add) Previous Year Taxes	0.00	-
Profit available for appropriations	266.27	-
Add: Balance brought from previous year	0.00	-
Less: Transferred to General Reserve	200.00	-
Balance carried forward to Balance Sheet	66.27	-

4. GENERAL INFORMATION

Incorporation

Our Company was incorporated in the name and style of JHS Svendgaard Laboratories Limited on October 8, 2004 with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh, having its Registered Office at Trilokpur Road, Kala Amb, Nahan District, Sirmour, Himachal Pradesh and obtained the certificate of commencement on May 6, 2005. We took over the running business of the three proprietorship concerns viz. M/s Sunehari Oral Care, M/s Jai Hanuman Exports and M/s Sunehari Svendgaard Laboratories, vide agreement dated July 27, 2005 with effect from April 1, 2005 on a going concern basis, by valuing the assets and liabilities at their book values.

Registered Office of our Company

Trilokpur Road, Kala Amb,
Nahan District, Sirmour,
Himachal Pradesh

Tel: +91 173 4395128

Fax: +91 173 4395130

Corporate Office of our Company

B-1/E-23, Mohan Co-operative Industrial Area,
Mathura Road,
New Delhi - 110 044

Tel: +91 11 30885601-03

Fax: +91 11 30885604

Company Registration Number: U24230HP2004PLC27558

Our Company is registered at the office of Registrar of Companies of Punjab, Himachal Pradesh & Chandigarh located at Kothi No. 286, Defence Colony, Jalandhar- 144 001.

Board of Directors

The Board of Directors of our Company currently comprises the following persons:

1. Mr. Daljit Singh Grewal, Chairman
2. Mr. Nikhil Nanda, Managing Director
3. Mr. Puneet Kumar Manglik, Whole Time Director
4. Mr. Naveen Breja, Director
5. Mr. J. K. Rao, Additional Director
6. Mr. Mukul Pathak, Additional Director

For more details on the Directors, refer to the section titled "Our Management" on page 64 of this Draft Red Herring Prospectus.

COMPLIANCE OFFICER**Arvind Kumar Tiwari**

General Manager – Finance & Legal Affairs
JHS Svendgaard Laboratories Limited
B-1/E-23, Mohan Co-operative Industrial Area,
Mathura Road,
New Delhi-110 044
Tel: +91 11 30885601-02
Fax: +91 11 26956020
E-mail: arvind@svendgaard.com

COMPANY SECRETARY**Diviy Chadha**

Company Secretary
JHS Svendgaard Laboratories Limited
B-1/E-23, Mohan Co-operative Industrial Area,
Mathura Road,
New Delhi- 110 044
Tel: +91 11 30885601-02
Fax: +91 11 26956020
E-mail: diviy@svendgaard.com

Investors may note that incase of any pre Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc. they should contact the Compliance Officer.

BANKERS TO THE COMPANY**CENTURION BANK OF PUNJAB LIMITED**

C-41, Friends Colony (East)
New Delhi - 110 065
Tel: +91 11 26326846-45
Fax: +91 11 51627863
Email: Ashna.kochar@centurianop.co.in

STATUTORY AUDITORS**HARIBHAKTI & CO.**

42, Free Press House,
215, Nariman Point,
Mumbai-400 021
Tel: +91 22 56391101- 02
Fax: +91 22 22856237

BOOK RUNNING LEAD MANAGERS TO THE ISSUE**UTI BANK LIMITED**

Central Office: 111,
Maker Towers 'F',
Cuffe Parade, Colaba,
Mumbai - 400 005
Tel: + 91 22 2216 1341
Fax: + 91 22 2216 2467
Email: utibmbd@utibank.co.in
Website: www.utibank.com
Contact Person: Mr. Ajay Bhatia/ Mr. Sandeep Walawalkar

CENTRUM CAPITAL LIMITED

Khetan Bhavan, 5th Floor,
198, J Tata Road, Churchgate,
Mumbai - 400 020
Tel: + 91 22 2202 3838
Fax: + 91 22 2204 6096
Email: svendgaard@centrum.co.in
Website: www.centrum.co.in
Contact Person: Mr. Mayank Dalal

BAJAJ CAPITAL LIMITED

97, Nehru Place,
New Delhi-110 019
Tel: +91 11 51693000
Fax: +91 11 2647 6638
Email: vineetas@bajajcapital.com
Website: www.bajajcapital.com
Contact Person: Ms. Vineeta Sharma

MONITORING AGENCY

CENTURION BANK OF PUNJAB LIMITED

C-41, Friends Colony (East)

New Delhi - 110 065

Tel: +91 11 26326846-45

Fax: +91 11 51627863

Email: Ashna.kochar@centurianop.co.in

REGISTRAR TO THE ISSUE

INTIME SPECTRUM REGISTRY LIMITED

C-13 Pannalal Silk Mills Compound,

LBS Marg, Bhandup West,

Mumbai – 400078

Tel: +91 22 25960320

Fax: +91 22 25960329

E-mail: jhs@intimespectrum.com

Website: www.intimespectrum.com

Contact Person: Mr. Vishwas Attawar

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

[●]

LEGAL ADVISORS TO THE ISSUE

CORPORATE PROFESSIONALS

Advocates & Solicitors

7/9 Sarvpriya Vihar,

New Delhi - 110 016

Tel: +91 11 26966100

Fax: +91 11 26967100

Email: info@indiacp.com

Website: www.corporateprofessionals.com

SYNDICATE MEMBERS

[●]

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES AMONG BOOK RUNNING LEAD MANAGERS

Inter-se allocation of responsibilities entered into between, UTI Bank Limited (UTI Bank), Centrum Capital Limited (Centrum) and Bajaj Capital Limited (Bajaj)

Sr. No.	ACTIVITIES	RESPONSIBILITY	CO-ORDINATOR
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	UTI Bank/ Centrum Capital /Bajaj Capital	UTI Bank
2.	Due diligence of the Company's operations / management / business plans/legal etc.	UTI Bank/ Centrum Capital /Bajaj Capital	UTI Bank
3.	Drafting & Design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLM shall ensure with stipulated requirements and completion of prescribed formalities with Stock Exchanges, Registrar of Companies and SEBI.	UTI Bank/ Centrum Capital /Bajaj Capital	UTI Bank
4.	Selection of various agencies connected with the Issue including Registrar, Printers, Advertising Agency, Banker to the Issue etc.	UTI Bank/ Centrum Capital /Bajaj Capital	UTI Bank
5.	Company positioning and pre-marketing exercise, finalize media & public relation strategy, drafting and approval of all publicity material other than statutory advertisement as mentioned in (3) above including corporate advertisement, brochure, etc.	UTI Bank/ Centrum Capital /Bajaj Capital	Bajaj Capital
6.	Qualified Institutional Bidder (QIBs) Category: Finalising the list and division of investors for one-to-one meetings, coordinating institutional investor meetings, institutional allocation and finalizing pricing decision	UTI Bank/ Centrum Capital /Bajaj Capital	UTI Bank
7.	Non Institutional and Retail Marketing of the Issue, which will cover inter alia: - Formulating marketing strategy - Preparation of publicity budget - Finalise Media and Public Relation strategy - Finalising centers for holding conferences for brokers, press, etc. - Follow-up on distribution of publicity and issue material including bid cum application form prospectus and deciding on the quantum of the issue material	UTI Bank/ Centrum Capital /Bajaj Capital	Centrum
8.	Appointment of Syndicate Members	UTI Bank/ Centrum Capital /Bajaj Capital	Centrum Capital
9.	Running the Book, interaction & co-ordination with Stock Exchanges for book-building software, bidding terminals and mock trading	UTI Bank/ Centrum Capital /Bajaj Capital	Centrum Capital
10.	Finalisation of Prospectus and RoC Filing etc.	UTI Bank/ Centrum Capital /Bajaj Capital	UTI Bank
11.	The post bidding activities including, management of escrow accounts, co-ordinate non-institutional allocation, intimation of allocation, dispatch of refund orders to Bidders etc.	UTI Bank/ Centrum Capital /Bajaj Capital	Bajaj Capital

Sr. No.	ACTIVITIES	RESPONSIBILITY	CO-ORDINATOR
12.	The post issue activities for the Issue will involve essential follow up steps, which include the finalisation of listing of Equity Shares and dispatch of allotment advice and refund orders, with the various agencies connected with the work such as the Registrars to the Issue, Bankers to the Issue and the bank handling refund business.	UTI Bank/ Centrum Capital /Bajaj Capital	Bajaj Capital

Debenture Trustees

This being an issue of Equity Shares, appointment of Trustees is not required.

IPO Grading

We have not opted for the grading of this issue from credit rating agency.

Credit Rating

This being an issue of Equity Shares, credit rating is not required.

Monitoring Agency

Centurion Bank of Punjab Limited, C-41, Friends Colony (East), New Delhi - 110 065, has been appointed as monitoring agency to monitor the utilisation of funds.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date before allotment without assigning any reason therefor.

UNDERWRITING AGREEMENT

After the determination of the Issue Price and allocation of the equity shares but prior to filing of the Prospectus with the RoC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Name and Address of the Underwriters	Indicated No. of Equity Shares to be Underwritten	Amount Underwritten (Rs. In Lacs)
UTI Bank Limited Central Office: 111, Maker Towers 'F', Cuffe Parade, Colaba, Mumbai - 400 005	[●]	[●]
Centrum Capital Limited Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate, Mumbai - 400 020	[●]	[●]
Bajaj Capital Limited 97, Nehru Place, New Delhi-110 019 Tel: +91 11 51693000 Fax: +91 11 2647 6638	[●]	[●]

The above table is indicative of the underwriting arrangement and this would be finalized after the determination of Issue Price and actual allocation of the Equity Shares. The above Underwriting Agreement is dated [●].

In the opinion of the Board of Directors (based on certificates given to them by the BRLMs and the Syndicate Members), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act, 1992 or registered as brokers with the Stock Exchanges. The above Underwriting Agreement has been accepted by the Board of Directors and the Company has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure/subscribe to the extent of the defaulted amount.

5. CAPITAL STRUCTURE

(Rs. In Lacs)

	Aggregate Nominal Value	Aggregate Value at Issue Price
Authorised Capital		
1,80,00,000 Equity Shares of Rs. 10 each	1800.00	
Issued, Subscribed and Paid up Share Capital		
57,99,675 Equity Shares of Rs. 10/- each	579.96	[•]
Present Issue in terms of this Draft Red Herring Prospectus		
67,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. [•] per Equity Share	670.00	[•]
Out Of Which		
5,00,000 Equity Shares of Rs. 10 /- each at a Premium of Rs. [•] per equity share (i.e. at a price of Rs. [•]/- per share) as promoters contribution.	50.00	[•]
Net Issue to the Public	620.00	[•]
62,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. [•] per Equity Share		
Paid up Equity Capital after the Issue	1249.96	[•]
1,24,99,675 Equity Shares of Rs. 10/- each at a premium of Rs. [•] per Equity Share		
Share Premium Account		
Before the Issue		570.81
After the Issue	[•]	[•]

Details of Increase in Authorised Capital

Date	Authorised Capital (Rs. In Lacs)	Face Value (Rs.)	No. of Shares	Particulars
October 8, 2004	1000.00	10	1,00,00,000	Incorporation
November 30, 2005	1800.00	10	1,80,00,000	Increase

Notes to the Capital Structure

1. Share Capital History of the Company

Date of Allotment	No. of Equity Shares allotted	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Share Premium (Rs. In Lacs)
November 5, 2004	51,000	10	10	Cash	Subscription to the Memorandum of Association	51,000	0
August 1, 2005	* 30,00,000	10	10	Consideration other than cash	Shares issued as a consideration for takeover of business of M/s Sunehari Svendgaard Laboratories and M/s Jai Hanuman Exports	30,51,000	0

February 24, 2006	8,15,450	10	80	Cash	Preferential Allotment to Promoter, Friends, & Relatives	38,66,450	570.81
February 28, 2006	19,33,225	10	10	Nil	Bonus in the ratio of 1:2	57,99,675	570.81

Note:

*** Allotment of 30 lacs shares in part consideration of take over of the assets and liabilities of the three proprietorship concerns viz. SSL, and JHE by a takeover agreement dated July 27, 2005 with effect from April 1, 2005 on a going concern basis by valuing the assets and liabilities at their book values**

History of the issue of Equity Shares issued other than Cash

On August 1, 2005, our Company issued 1,11,400 equity shares to Ms. Sushma Nanda as a consideration for takeover of business of M/s Sunehari Svendgaard Laboratories, proprietorship firm owned by Ms. Sushma Nanda, under the scheme of arrangement.

On August 1, 2005, our Company issued 28,88,600 shares to Mr. Nikhil Nanda as a consideration for takeover of business of M/s Jai Hanuman Exports, proprietorship concerns owned by Mr. Nikhil Nanda, under the scheme of arrangement.

2. Promoter Contribution and Lock-In

Name of the Promoter	Date allotment/ Transfer/ Acquisition	Date when made fully paid-up	Nature of payment or Consideration	No. of Equity Shares	Face Value (Rs.)	Issue Price/ Acquisition Price (Rs.)	% of Pre Issue Paid – Up Capital	% of Post Issue Paid – Up Capital	Lock-in period (In years)
Mr. Nikhil Nanda	February 24, 2006	February 24, 2006	Cash	8,15,450	10	80	14.06	6.52	3 years
	February 28, 2006	February 28, 2006	Bonus	18,72,025	10	Nil	32.27	14.98	3 years
Total				26,87,475			46.33	21.50	

The above promoter has vide his letter dated February 28, 2006 given his consent for lock in as stated above. Shares issued last shall be locked in first. The Equity Shares of the promoter will be locked-in for the period specified above from the date of allotment of Equity Shares in this Issue. The Equity Shares to be locked-in for a period of three years have been computed as 21.50% of the equity capital of the Company after the Issue, in accordance with the SEBI Guidelines.

The entire pre issue capital other than minimum promoters contribution locked in as above, shall be lock in for a period of one year from the date of allotment as given below

Lock-in of remaining shareholding of Promoter and of other shareholders

Name of the Promoter	Number of Equity Shares	Face Value (Rs.)	% of Post Issue Paid – Up Capital	Lock-in period
Mr. Nikhil Nanda	34,28,600*	10	27.43	1 year
Mrs. Sushma Nanda	1,73,100	10	1.39	1 year
Mr. J. S. Grewal	1,500	10	0.01	1 year
Mr. H.C. Nanda	1,500	10	0.01	1 year
Mr. Naveen Breja	1,500	10	0.01	1 year
Mr. Sohanlal Sharma	1,500	10	0.01	1 year
Mr. Rajinder Kumar	1,500	10	0.01	1 year
Mr. Ranjeet Sharma	1,500	10	0.01	1 year
Mr. D.S. Grewal	1,500	10	0.01	1 year

*Including 500,000 Equity Shares of Rs. 10 each, constituting around 4.00% of our post Issue paid up Equity Share capital shall be brought in by our Promoter, Mr. Nikhil Nanda, as Promoter's Contribution. These Equity Shares would be locked in for a period of one year. The lock-in shall start from the date of allotment in the proposed public issue and the last date of the lock-in shall be reckoned as one year from the date of allotment in the public issue.

In terms of Clause 4.9.1 of the SEBI Guidelines, Mr. Nikhil Nanda would bring in the amount of the Promoter's Contribution computed as 500,000 Equity Shares multiplied by the Cap Price at least one day prior to the Bid/Issue Opening Date. This amount shall be kept in an Escrow Account with one of the Escrow Collection Bank(s) and shall be released to the Public Issue Account together with the rest of the issue proceeds. In case of upward revision of Price Band, the difference will be brought in by Mr. Nanda immediately on the day of revision.

The locked-in Equity Shares held by the Promoter can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.

In terms of Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoters' prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

Further, in terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and among the Promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Guidelines, as amended from time to time.

3. The Promoter Contribution brought-in by the promoter was more than the specified minimum lot as defined under SEBI Guidelines.

4. Details of ten largest Shareholders of our Company

- a) As on the date of filing the Draft Red Herring Prospectus with SEBI

Sr. No.	Name of the Shareholder	No of Equity Shares held	% age of holding
1.	Mr. Nikhil Nanda	56,16,075	96.82
2.	Mrs. Sushma Nanda	1,73,100	2.97
3.	Mr. J. S. Grewal	1,500	0.03
4.	Mr. H.C. Nanda	1,500	0.03
5.	Mr. Naveen Breja	1,500	0.03
6.	Mr. D. S. Grewal	1,500	0.03
7.	Mr. Sohan Lal Sharma	1,500	0.03
8.	Mr. Ranjit Sharma	1,500	0.03
9.	Mr. Rajinder Kumar	1,500	0.03

- b) Ten days prior to filing Draft Red Herring Prospectus with SEBI

Sr. No.	Name of the Shareholder	No of Equity Shares held	% age of holding
1.	Mr. Nikhil Nanda	56,16,075	96.82
2.	Mrs. Sushma Nanda	1,73,100	2.97
3.	Mr. J. S. Grewal	1,500	0.03
4.	Mr. H.C. Nanda	1,500	0.03
5.	Mr. Naveen Breja	1,500	0.03
6.	Mr. D. S. Grewal	1,500	0.03
7.	Mr. Sohan Lal Sharma	1,500	0.03
8.	Mr. Ranjit Sharma	1,500	0.03
9.	Mr. Rajinder Kumar	1,500	0.03

- c) Two years prior to filing the Draft Red Herring Prospectus with SEBI: - N.A, as the Company was incorporated on October 8, 2004

5. The Equity Shares offered through this public issue will be fully paid up.
6. Pre-issue and Post-issue Shareholding pattern

Category	Pre Issue		Post Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
A. Promoter Holding				
Mr. Nikhil Nanda	56,16,075	96.82	61,16,075	48.93
Sub-Total	56,16,075	96.82	61,16,075	48.93
Promoter Group				
Ms. Sushma Nanda	1,73,100	2.97	[●]	[●]
Mr. H.C. Nanda	1,500	0.03	[●]	[●]
Mr. D. S. Grewal	1,500	0.03		
Sub-Total	1,76,100	3.03	[●]	[●]
Others				
Mr. Naveen Breja	1,500	0.03	[●]	[●]
Mr. J. S. Grewal	1,500	0.03	[●]	[●]
Mr. Sohan Lal Sharma	1,500	0.03	[●]	[●]
Mr. Ranjit Sharma	1,500	0.03	[●]	[●]
Mr. Rajinder Kumar	1,500	0.03	[●]	[●]
Sub-Total	9,000	0.15	[●]	[●]
Employees	Nil	Nil	[●]	[●]
Public Issue	Nil	Nil	62,00,000	49.60
Sub - Total	Nil	Nil	62,00,000	49.60
GRAND TOTAL	57,99,675	100.00	1,24,99,675	100

7. There is no “Buyback” or “Standby” or similar arrangement for the purchase of Equity Shares by our Company/ our Promoter/ our Directors/Book Running Lead Managers for purchase of Equity Shares issued through this Draft Red Herring Prospectus.
8. The Company has not raised any bridge loan against the proceeds of the Issue. For details on use of proceeds, see the section titled “Objects of the Issue” on page no. 17 of this Draft Red Herring Prospectus.
9. In case of over-subscription in all categories, at least 50% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. If at least 50% of the Net Issue cannot be allotted to QIBs,

then the entire application money will be refunded. Further, at least 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be met with spill over from other categories, at the sole discretion of the Company, in consultation with the BRLMs and the Designated Stock Exchange.

10. An over subscription to the extent of 10% of the Issue has been retained for purposes of rounding off to the nearest multiple of the minimum allotment lot while finalizing the basis of allotment.
11. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
12. Our sole promoter viz. Mr. Nikhil Nanda holds 56,16,075 Equity Shares of face value of Rs. 10/- each as on date, which constitutes 96.82 % of the aggregate Equity Share Capital of our Company.
13. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments on our Equity Shares.
14. Neither our Promoter or members of our Promoter group or our Directors have sold or acquired Equity Shares during the period of six months preceding the date on which the Draft Red Herring Prospectus is filed with SEBI, except the fresh allotment to the promoter and promoter group and Bonus Issue, the details of which are as under:

Date of Allotment	No. of Equity Shares allotted	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Allotment
February 24, 2006	8,15,450	10	80	Cash	Preferential Allotment to Promoter, Friends, & Relatives
February 28, 2006	19,31,225	10	10	Nil	Bonus in the ratio of 1:2

15. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
16. We do not presently intend or propose to alter our capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, during such period or at a later date, it may issue Equity Shares or securities convertible into Equity Shares solely to finance an acquisition, joint venture, or merger or as consideration for such acquisition, joint venture or merger.
17. **Shares issued for consideration other than cash**
Apart from allotment of 30 lacs shares in part consideration of take over of the assets and liabilities of the three proprietorship firms viz. SSL and JHE on August 1, 2005 and Bonus shares, the Company has not issued any shares for consideration other than cash. The said Bonus shares were issued in the Extra Ordinary General Meeting of our Company held on February 28, 2006 in the ratio of 1 (One) Equity Share for every 2 (two) Equity Shares held.
18. Our Company has not issued any Equity Shares out of revaluation reserves.

19. At any given point of time there shall be only one denomination of the Equity Shares, unless otherwise permitted by law and we shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
20. Our Company has nine (9) shareholders as on the date of filing of this Draft Red Herring Prospectus with the SEBI.
21. We have not granted any options or shares of our Company under any scheme of Employee Stock Options or Employee Stock Purchase to our employees.

6. OBJECTS OF THE ISSUE

Our Company manufactures dental and oral health care products. We manufacture products for the retail market and do private label manufacturing for various well-known national and global brands.

We have our existing production facilities (Unit I & II) at New Delhi and a 100% Export Oriented Unit (Unit III) at Noida Special Economic Zone (NSEZ) in the State of Uttar Pradesh. Presently due to capacity constraints, we are meeting some of our toothbrush production requirements by outsourcing some manufacturing processes to few other small manufacturers. However due to cost and quality constraints we now plan to produce in-house the same by expanding our production capacity by:

- (i) Setting up a integrated manufacturing facility at Kala Amb, District Sirmour in the State of Himachal Pradesh.
- (ii) Increasing our capacities at NSEZ in Noida;

For our facility at Kala Amb, we propose to import Anchorfree technology enabled machineries from Boucherie, Belgium for our toothbrush-manufacturing segment. We also propose to acquire automated machineries to manufacture toothpaste as well as whitening gel, whitening mouth rinse and denture cleaning effervescent tablet range of products.

The funds to be raised will allow us to build capacities and acquire sufficient financial strengths to meet our existing as well as future manufacturing requirements, and marketing for acquiring private label business. Our assessment of funds requirement and deployment is based on management estimates and has not been appraised by any bank or financial institution or any independent organization. Our expansion plans are subject to certain variables parameters including possible cost overruns; import clearances, delays or defects; receipt of governmental approvals and changes in management's views of the desirability of current plans, among others. In case of any variations in the actual utilization of funds earmarked for the expansion, the difference if any, may be adjusted against the availability/requirement of funds in the areas identified as part of the expansion plan and/or to increase the working capital requirement. The shortfall, if any, may be met with by surplus funds, if any available in the other areas (in sources of fund use internal accruals) and/or our Company's internal accrual. The balance proceeds of the Issue in addition to the abovementioned requirements, if any, will be used for general corporate purposes including but not limited to enhance marketing activities.

The objective of the Issue is as under:

1. To meet the funds for setting up the proposed Anchor free Toothbrush facility and facility for other products at Kala-Amb in Sirmour, Himachal Pradesh;
2. To increase the installed production capacities of existing products at existing NSEZ
3. General corporate purposes; and
4. To meet the expenses of this issue

The other object of the issue is to get the Equity Shares listed on the recognised Stock exchanges, as we believe that listing will enhance our visibility and brand image.

The main objects clause and objects incidental or ancillary to the main objects of the Memorandum of Association of our Company enables us to undertake existing activities as well as the activities for which the funds are being raised through the Issue.

REQUIREMENT OF FUNDS

The total estimated funds requirement is given below:

Particulars	Amount (in Rs. lacs)
I. Expansion Plan/New Project	
• Building and Civil Works	766.88
• Plant & Machinery	4013.14
• Margin money for working capital	160.25
• Contingencies	237.13
II. General Corporate Purpose	[•]
III. Issue Expenses	[•]
Total	[•]

Means of Finance

The fund requirement of Rs. [•] lacs is proposed to be financed entirely through issue offering.

DETAILS OF USE OF ISSUE PROCEEDS

EXPANSION OF INSTALLED PRODUCTION CAPACITY

We propose to increase our installed production capacities the details of which is as under:

Product	Existing capacity	Proposed capacity	Total capacity
Tooth brush	40 million units	76 million units	116 million units
Tooth paste	450 tonnes p.a	2250 tonnes p.a	2700 tonnes p.a
Denture Cleaning Effervescent Tablets	5 million units p.a	175 million units p.a	180 million units p.a
Other oral care products	60000 litres p.a	440000 litres p.a	500000 litres p.a

We propose to set up a wholly integrated facility at Sirmour, Kala Amb in the State of Himachal Pradesh. This installation shall include import of Anchorfree technology enabled machinery for our toothbrush segment and few other automated machineries for our other range of dental and oral care products.

Land and civil works

Our Company has identified 19.04 bigha approximately 30853.03 sq. mts. of land out of which we have already entered into a Sale Deed for purchase of 12.01 bigha approximately 19461.39 sq. mts. of land situated at Mouza Kheri, Tehsil Nahan, District Sirmour, Himachal Pradesh with Mr. Sita Ram & Mr. Roshan Ali (general power of attorney holders) on November 7, 2005. The sale consideration of Rs. 44.65 lacs (inclusive of stamp duty of Rs. 4.28 lacs) has already been paid by the Company and accordingly has received the registration possession thereof.

For the balance pieces of land admeasuring around 7.03-bigha approximately 11391.64 sq. mts. we have entered into Agreement for Sale from various sellers of land on September 25, 2004. We have paid the total compensation of Rs. 42.20 lacs to the sellers of the land and have already received possession thereof. The registration formalities in this regard are already in progress. For further details on property also refer to the section "Business Overview" on page no. 41 of this Draft Red Herring Prospectus.

The expansion of our integrated manufacturing and production facility at Sirmour, Kala Amb in Himachal Pradesh will require erection of building to house the automated machineries for manufacturing the range

of dental and oral care products. This erection would involve construction of structures having a built-up area of approximately 14880 sq.mts. Presently we have incurred expenditure totalling approximately Rs. 12.61 lacs on site development and for constructing the boundary wall. We plan to avail the services of M/s Jindal Consortium a firm of Chartered Engineers who have already worked on the site plan and given their cost estimate of around Rs. 767 lacs for erecting the factory building at the proposed site. The tenders for constructing the said building shall be floated in consultation with M/s Jindal Consortium and a contract would be awarded to the party based on technical & financial viability.

Plant and Machinery

We estimate the cost of importing the plant and machinery for increasing our production capacity as follows:

(Rs. in lacs)		
Sr. No.	Particulars	Amount
1	Anchorfree Technology enabled toothbrush Machine/Conventional Toothbrush	3170.60
2	Toothpaste filling Machines	692.84
3	Liquid Filling Machines	68.32
4	Tableting Machines	44.00
Total		3975.76

We plan to import Anchorfree technology enabled machineries for our toothbrush segment and automated machineries to manufacture our toothpaste, whitening gel, whitening mouth rinse and denture cleaning effervescent tablet range of products. Some of our existing machines will also be modified and integrated with the new plant and machinery.

Following are the details of plant and machinery already received and to be installed at the proposed project site. The said machineries have been procured by way of opening of Letter of Credits (LC's) in favour of the suppliers. The credit period for the same is upto 180 days from the date of opening of the respective LC's.

(Rs. in lacs)						
Sr. No.	Particulars of Machine	Units	Total Cost inclusive of duty	Date of Purchase Order	Date when delivery	Supplier
1.	CNC Toothbrush Tufting Machine 2 Colour	2 sets	28.65	October 21, 2005	28.02.2006	Alpha Plus Machinery Corp, Taiwan
2.	Vertical Injection Moulding Machine	1 set	8.73	October 21, 2005	28.02.2006	Ming Chung Brush Industrial Co. Ltd
	Total		37.38			

The details of plant and machinery for which orders are yet to be placed are mentioned below:

A. TOOTHBRUSH MACHINES

Rs. In lacs

Sr.No	Machine	Supplier	Qty	Total Cost inclusive of duty	Date of Quotation
1	Tufting Machine 3 COLOR	Zahoransky/ Boucherie	10	615.79	20.02.2006
2	TRIMMING & END ROUNDING with all accessories	Zahoransky/ Boucherie/Ming Chung	7	532.62	20.02.2006
3	UPS 200 KVA	Servokon Systems Pvt. Ltd.	1	23.52	07.12.2005
4	Moulding Machines	Plastipet technologies	15	229.79	
5	Single Girder EOT Crane	Avon Cranes Pvt. Ltd., India	1	7.70	22.02.2006
6	Auxiliary Conveying system	AUXILINK	1	53.49	05.12.2005
7	Tray Dryer	Narang Scientific & Electronic Equipments, India	4	9.07	29.11.2005
8	Weighing scales	Goldtech Scales & Systems Pvt. Ltd	5	1.99	21.02.2006
9	Granulators	G S Engineers	15	5.43	20.02.2006
10	Piping (3 - Water, Air & Steam)	Nutan Engineers Pvt. Ltd.	3	36.50	10.12.2005
11	Stiller Stackers	Mahindra Stiller Auto Trucks Ltd.	5	2.58	21.02.2006
12	Chiller 10TR	DRYCOOL SYSTEMS (I) Pvt Ltd, India	5	17.19	21.02.2006
13	Exhaust	Nirmal Fabrication Job Works, India	25	10.65	22.02.2006
14	Cooling Tower	Paharpur Cooling Towers Limited, India	3	18.18	04.11.2005
15	MOLDS 1 COMPONENT	MING CHUNG	5	56.28	18.02.2006
16	MOLDS 2 COMPONENT	MING CHUNG	5	87.54	18.02.2006
17	Automatic Blister Packaging Machine	HOONG A	3	140.69	01.02.2006
18	Local packaging	ANTIQUEART	5	20.32	
19	Automatic Blister Forming	Ming Chung	2	27.51	18.02.2006
20	Automatic Seal & cut	Ming Chung	3	67.53	18.02.2006
21	Main LT Panel	S K Engineering Works	5	171.91	06.02.2006
22	DG Set 500 KVA	Sudhir Gensets Ltd, India	2	61.22	21.02.2006
23	Screw Type Air Compressor	Competent Engineers, India	2	14.04	21.02.2006
24	Air Dryer for compressor plus accessories	Competent Engineers, India	3	10.82	21.02.2006
25	Automatic Nylon cutting machine	Kipril	3	18.10	
26	500 KVA III PH. Servo Voltage Stabiliser	Servokon Systems Pvt. Ltd.	1	9.65	18.01.2005
27	Conveyors	New Mahalaxmi Projects	10	13.39	21.02.2006
28	Printing Machines	Rita Pad Printing Systems Limited	10	22.38	21.02.2006
29	Industrial Vacuum Cleaning Machine	Rdevis Engineers Pvt. ltd	5	2.74	21.02.2006
30	Air Conditioning 100 tonnes	Sai Aircon	100	31.97	21.02.2006
31	Air Curtains	Hygiene Air Products	25	2.56	14.06.2005
32	Anchorfree Brush	BOUCHERIE	1	696.44	20.02.2006
	Installation & Transportation @ 5%			150.98	
	TOTAL			3170.60	

B. TOOTH PASTE MACHINES**Rs. In lacs**

Sr.No	Machine	Supplier	Qty	Total Cost inclusive of duty	Date of Quotation
1	MIXER 1 TONNES	WOOWON Machinery Co. Ltd, Korea	3	229.60	19.11.2005
2	STORAGE TANKS 1000 ltr	WOOWON Machinery Co. Ltd, Korea	6	17.22	19.11.2005
3	STORAGE TANKS 2000 ltr	WOOWON Machinery Co. Ltd, Korea	3	18.18	19.11.2005
4	WORKING PLATFORM	WOOWON Machinery Co. Ltd, Korea	3	9.57	19.11.2005
5	Tube Filling and Closing Machine	Norden Machinery AB, Sweden	1	98.75	28.11.2005
6	Cartoning Machine	Norden Machinery AB, Sweden	1	85.76	28.11.2005
7	Accessories	Norden Machinery AB, Sweden	1	12.78	28.11.2005
8	3 colour filling system	Norden Machinery AB, Sweden	1	50.22	28.11.2005
9	Pressure equalizing cylinders	Norden Machinery AB, Sweden	1	12.01	28.11.2005
10	Jogging Device	Norden Machinery AB, Sweden	1	1.31	28.11.2005
11	Exhaust Collator for trim waste	Norden Machinery AB, Sweden	1	1.55	28.11.2005
12	Cap first discharge for connection to cartoning machine	Norden Machinery AB, Sweden	1	2.72	28.11.2005
13	Spare Parts	Norden Machinery AB, Sweden	1	4.00	28.11.2005
14	Spares for cartoning machines	Norden Machinery AB, Sweden	1	33.51	28.11.2005
15	Cooling Towers	Paharpur Cooling Towers Limited, India	3	16.92	04.11.2005
16	Water Treatment Plant	Hydrolog Engineers, India	2	15.68	26.10.2005
17	Pumps for Toothpaste/Ointment/Viscous Liquid	Everest Engineers, India	5	3.77	19.10.2005
18	Non-IBR Steam Boiler	Neptune Engineering Pvt. Ltd, India	3	15.02	18.10.2005
19	Screw Compressor	Kaesar Compressors (India) Pvt. Ltd., India	3	12.31	25.5.2005
20	Filtration		5	9.05	
21	Flat Belt Conveyor	New Mahalaxmi Projects, India	5	6.39	21.10.2005
22	Weighing Scales SSt-15D, SST 38 D, SSP 27E	J M Weightronix Pvt. Ltd.	5	3.53	16.04.2005
23	Installation & Transportation @ 5%			32.99	
	TOTAL			692.84	

C. LIQUID FILLING MACHINES

Rs. In lacs

Sr.No	Machine	Supplier	Qty	Total Cost inclusive of duty	Date of Quotation
1	Automatic Filling Machine	ROTOFIL INDUSTRIES, India	1	61.74	06.12.2005
2	Gravity roller conveyor	ROTOFIL INDUSTRIES, India	2	0.43	06.12.2005
3	Carton sealer model SSA	ROTOFIL INDUSTRIES, India	1	1.39	06.12.2005
4	Extra change parts for bottle	ROTOFIL INDUSTRIES, India	1	1.51	06.12.2005
	Installation & Transportation @ 5%			3.25	
	TOTAL			68.32	

D. TABLETING MACHINES

Rs. In lacs

Sr.No	Machine	Supplier	Qty	Total Cost inclusive of duty	Date of Quotation
1	Automatic Tablet Machine	CADMACH Machinery Co. Pvt. Ltd, India	1	24.11	03.12.2005
2	Gravity feeder	CADMACH Machinery Co. Pvt. Ltd, India	1	0.67	03.12.2005
3	3 piece turrets	CADMACH Machinery Co. Pvt. Ltd, India	1	0.42	03.12.2005
4	Die table SS-316	CADMACH Machinery Co. Pvt. Ltd, India	1	0.17	03.12.2005
5	Two layer part (Supplied with Machine only)	CADMACH Machinery Co. Pvt. Ltd, India	1	1.83	03.12.2005
6	Powder level sensor	CADMACH Machinery Co. Pvt. Ltd, India	1	0.25	03.12.2005
7	Lower punch lubrication system	CADMACH Machinery Co. Pvt. Ltd, India	1	1.51	03.12.2005
8	CADMACH Press Coat compression machine	CADMACH Machinery Co. Pvt. Ltd, India	1	8.91	03.12.2005
9	DEHUMIDIFYER	BRY AIR Asia (Pvt) Ltd	2	3.81	05.12.2005
10	HUMIDISTAT	BRY AIR Asia (Pvt) Ltd	2	0.22	05.12.2005
	Installation & Transportation @ 5%			2.09	
	TOTAL			44.00	
	TOTAL (A) +(B)+(C)+(D)			3975.76	

TO MEET THE WORKING CAPITAL REQUIREMENTS OF THE COMPANY

We estimate the following towards the working capital requirements. The said requirement has been worked out on the basis of management's perception given in the following table:

(Rs in lacs)

Particulars	1 st Year				
	Period	Amount	%	Bank Finance	Margin Money
Raw Materials	45 days	320.27	25	240.20	80.07
Work in Progress	07 days	56.90	25	42.67	14.23
Finished Goods	07 days	56.90	25	42.67	14.23
Working Expense	07 days	4.77	100	0	4.77
Sundry Debtors	45 days	469.53	10	422.58	46.95
Total		908.39		748.16	160.25

Comment: P: assumptions to

CONTINGENCIES

Contingencies have been provided at 5% of the capital expenditure, which include building and civil works, and cost of plant and machinery (excluding machineries already received).

ISSUE RELATED EXPENSES

Issue related expenses includes underwriting and issue management fees, selling commission, legal fees, printing and stationery costs, depository fees, Registrars fees, fees pay to escrow bankers, advertising expenses, fees payable to SEBI and listing fees payable to the Stock exchanges etc. The total expenses for the Issue are estimated at Rs. [●] lacs, which is [●] % of the Issue size. All the Issue related expenses shall be met out of the proceeds of the Issue and the break-up of the same is as follows:

Particulars	Expenses (Rs. in Lacs)	As a % of the Issue size
Management fees, underwriting commission and brokerage	[●]	[●]
Marketing and advertisement expenses	[●]	[●]
Stationery, printing and registrar expenses	[●]	[●]
Legal fees, listing fees, book building charges, auditors fees	[●]	[●]
Miscellaneous	[●]	[●]
Total	[●]	[●]

SCHEDULE OF IMPLEMENTATION

The details of schedule of implementation are as follows:

Activity	Estimate Time Schedule
Possession of land	Completed
Site Development	Completed
Tender for civil work	April 2006
Commencement of civil work	May 2006
Order for imported machineries	May 2006
Order for indigenous machineries	May 2006
Completion of civil work	August 2006
Utilities and electrical	September 2006
Completion of erection of machineries	September 2006
Trial production run	October 2006
Commercial production	October 2006

FUNDS DEPLOYED

Upto 15th February 2006 we have incurred Rs.102.39 lacs in the expansion project out of our internal accruals. Details of the amount incurred and as certified by the Statutory Auditor are as follows:

Sr. No	Purpose	Amount (in Rs. lacs)
1.	Land	86.84
2.	Building under Construction	12.61
3.	Furniture and Fixture	0.08
4.	Pre-Operative Expenses	2.86
	Total	102.39

INTERIM USE OF PROCEEDS

Pending use of funds as described above, we intend to invest the proceeds of the Issue in high quality, interest/dividend bearing short term/long term liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by our Board or a duly authorised committee thereof. We may also use the same to fund our existing working capital requirement on a temporary basis.

MONITORING OF UTILISATION OF FUNDS

The Board and the Monitoring Agency will monitor the utilisation of the proceeds of the Issue. We will disclose the utilisation of the proceeds of the Issue under a separate head in our Balance Sheet for the FY 2007 clearly specifying the purpose for which such proceeds have been utilised. We will also, in our Balance Sheet for the FY 2007, provide details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue.

No part of the Issue proceeds will be paid by us as consideration to our Promoters, Directors, Key Management Personnel or companies promoted by our Promoters except in the course of normal business.

7. BASIC TERMS OF THE ISSUE

Net Public Issue of 62,00,000 Equity Shares of Rs. 10 each at a Price of Rs. [●] for cash aggregating to Rs. [●] Lacs (excluding Promoter Contribution of 5,00,000 Equity Shares of Rs. 10 each at a price of Rs. [●] for cash aggregating to [●] Lacs), being made through the 100% Book Building process. The Issue would constitute 53.60 % of the fully diluted post issue paid up Equity Share Capital of the Company.

	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Atleast 31,00,000 Equity Shares	Minimum of 9,30,000 Equity Shares	Minimum of 21,70,000 Equity Shares
Percentage of Issue size available for Allocation	At least 50% of the Net Issue However, upto 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Minimum of 15% of the Net Issue or the Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Minimum of 35% of the Net Issue or the Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the bidder.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply**	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, Mutual Funds registered with SEBI, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, and State Industrial Development Corporations, venture capital funds registered	Resident Indian individuals, NRIs, HUF (in the name of Karta), companies, bodies' corporate, scientific institutions societies and trusts.	Individuals, including NRIs and HUF (in the name of Karta), such that the Bid Amount does not exceed Rs. 100,000

	with SEBI, foreign venture capital investors registered with SEBI, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs in accordance with applicable law		
Terms of Payment	Margin Amount applicable to QIB Bidders shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Non-Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.
Margin Amount	At least 10% of the Bid Amount on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

* Subject to valid Bids being received at or above the Issue Price and subject to a minimum of 50% of the Net Issue being allotted to QIBs. The Net Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, minimum 15% of the Net Issue would be allocated to Non-Institutional Bidders and Minimum 35% of the Net Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price. Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLMs and the Designated Stock Exchange. However, in the event that the QIB portion remains under subscribed the issue shall fail and full subscription monies shall be refunded.

** In case the Bid cum Application Form is submitted in Joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

8. BASIS OF ISSUE PRICE

The Price Band will be decided prior to the filing of the Red Herring Prospectus with the RoC. The Issue Price will be determined by our Company in consultation with the BRLMs, on the basis of assessment of market demand for our Equity Shares in this Issue. The face value of the Equity Shares is Rs. 10/- and the Issue price is [•] times the face value at the lower end of the Price Band and [•] times the face value at the higher end of the Price Band.

Qualitative Factors

In-House designing facilities

Our Company has in-house designers who enable to process all the customers' artwork, by analyzing their needs and even creating new options for them. This provides our customers with a one-stop solution enabling them to undertake the study about the look feel of the product in prototype, ensuring a good quality product. We have the capabilities to do prototyping for most of the products before commercial startup to ensure that our customers do not have issues during the commercial launch.

Low Turnaround Time

Due to our in-house designing capabilities as well as prototyping facilities we are able to turnaround a product in 6-8 weeks as against a normal period of 10-12 weeks. This also ensures that we have a consistent portfolio of products for all customers in the domestic as well as international customers.

Quality Assurance

Our Unit I – SSL is an ISO 9001-2000 unit certified URS of UK, ensuring total satisfaction to customers and for this we have a quality assurance department accompanied with an external auditor auditing their performance and ensuring that we are able to ensure a quality product to customers. The reduction in quality issues also help us in improving our future productivity and getting repetitive orders from our buyers. We have some of the best equipments such as Zahoransky of Germany & Boucherie of Belgium used by MNC's globe over for meeting the terms with the stringent quality parameters as desired by our customers.

Designing Flexibility

Our manufacturing units are equipped with CNC controlled machines providing us the flexibility in operations by enabling different toothbrush designs for better product range. We have one of the largest range of toothbrush designs and an innovative range of mouth rinse as well as whitening products. Apart from this we keep ourselves updated with latest technological advancements.

Backward Integration of the manufacturing Process

Our Company has slowly and gradually graduated from being just Toothbrush manufacturer to handle moulder as well as blister former and are further adding more integrated operations into the existing system leading to an overall cost saving for the Company as well as improving productivity and quality through in-house monitoring of stocks. This has helped to reduce our Inventory costs and storage space.

Competitive Strength

Our Company is managed by a team of professionals who are qualified, well versed and have relevant experience in their respective spheres. The Board of Directors of the Company has a blend of people from various fields viz. Dental Industry, finance, law, administration etc. Jai Hanuman Exports, one of our manufacturing unit has also been awarded the Top Exporter of Toothbrushes and Dental Plates from India in the year 2003-04 by PLEX Council sponsored by the Ministry of Commerce.

Economies of Scale

Our capacities provide the benefit of having economies of scale with large volume to leverage fixed costs on, which we shall further be able to leverage post expansion on still larger volumes. Larger volumes shall further fuel the economies by providing the negotiation power with suppliers leading to cost savings for the Company.

Quantitative Factors

Our Company was incorporated on October 8, 2004 and obtained the commencement of business on May 6, 2005, in view of that our results of operations depict performance for a limited period only. Accordingly, the basis for issue price is based upon the financial performance of our Company for the limited period available for operations. For detailed financials of these erstwhile proprietorship concerns, which at present are the three manufacturing units of our Company, please refer to section titled “Our History and Corporate Structure” beginning on page no. 61 of this Draft Red Herring Prospectus.

1. Adjusted Earning Per Equity Share

March 31, 2005 - Nil*

*as the Company has not started its business activities till March 31, 2005.

The EPS for the period of 9 months ending on December 31, 2005 is Rs. 8.73 per share.

2. Price to Earnings Ratio (P/E ratio) in relation to the Issue Price of Rs. [●]

Based on the audited results for the period of nine months ended on December 31, 2005 adjusted EPS is Rs. 8.73 on Equity Share of face value 10 each is [●].

3. Return on Net Worth (RoNW)

March 31, 2005 – Nil*

*as the Company has not started its business activities till March 31, 2005.

4. Minimum Return on Increased Net Worth required to maintain Pre-Issue EPS is [●]%

5. Net Asset Value per share (NAV)

Particulars	Adjusted NAV
As of March 31, 2005	NIL
As at December 31, 2005	18.73
After the Issue	[●]
Issue Price	[●]

6. Comparison with Industry Peers

JHS Svendgaard is in the business of manufacturing, exporting, importing, trading, buying and selling oral hygiene products. There are no comparable listed companies and hence comparison with peer group is not given.

- The face value of the equity shares is Rs. 10/- each. The issue price is [●] times the face value at the lower end of the price band and [●] times the face value at the higher end of the price band. The Issue Price of Rs. [●] has been determined by us in consultation with the BRLMs on the basis of assessment of market demand for the Equity shares by way of Book Building and is justified on the basis of the above factors.
- The BRLMs believe the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. Please see section titled ‘Risk Factors’ from page nos. x of this Draft Red Herring prospectus and the financials of our Company including profitability and return ratios, as set out in the section titled “Management Discussion and Analysis” on restated financial statements on page no. 100 of this Draft Red Herring Prospectus to have more informed view.

9. STATEMENT OF POSSIBLE TAX BENEFITS

To,
The Board of Directors,
JHS Svendgaard Laboratories Limited
Trilokpur Road, Kheri (Kala Amb) Tehsil Nahan,
Distt. Sirmour (HP) - 173030

Statement of possible tax benefits available to the Company and to its Shareholders Benefits under the Income Tax Act, 1961

As per the existing provisions of the Income Tax Act, 1961 (the IT Act) and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to M/s JHS Svendgaard Laboratories Limited and its shareholders subject to fulfilment of prescribed conditions:

A. TO THE COMPANY

1. Subject to compliance of certain terms and conditions laid down in section 10A of the IT Act, 1961, in our opinion M/s JAI HANUMAN EXPORTS a unit of the company will be entitled to benefits of Section 10A as a unit located in SEZ. A deduction will be allowed equal to 100% of the profits and gains as derived by the unit from the exports of the goods manufactured in such SEZ upto assessment year 2008-09 and thereafter 50% of the profits for the next two years. Furthermore a deduction of upto 50% of the profits for next three consecutive years will be allowed on fulfilling the conditions mentioned under section 10A(1B) of the IT Act, 1961.
2. The Company is eligible under section 35D of the Act to a deduction equal to one-fifth of certain specified expenditure as mentioned in sub-section 2 of section 35D, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and the conditions specified under the said section.
3. Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 the Company will be entitled to a deduction for depreciation: -
 - (a) In respect of buildings, machinery, plant or furniture being tangible assets and intangible assets being in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998 at the rates prescribed under the Income Tax Rules, 1962;
 - (b) In respect of machinery or plant (other than ships & aircrafts) which has been acquired and installed after 31st March, 2005 by the Company for the purpose of its business of manufacture or production, a further sum equal to 20% of the actual cost of such machinery or plant will be allowed as deduction.
4. Under Section 10(34) of the Act, dividend income (whether interim or final) received by the company from any other domestic Company (in which the company has invested) is exempt from tax in the hands of the Company.
5. The income received by the company from distribution made by any mutual fund specified Under Section 10(23D) of the Act in respect of which tax is paid by such mutual fund u/s. 115R of the Act or from the Administrator of the specified undertaking or from the specified companies referred to in section 10(35) of the Act is exempt from tax in the hands of the Company.

6. Under Section 10(38) of the Act, the Long-term Capital Gains arising on transfer of equity shares or unit of an equity oriented fund, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the company.
7. As per the provisions of Section 112(1)(b) of the Act, other Long-term Capital Gains arising to the company are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units [not covered by section 10(36) and 10(38) of the Act], are subject to tax at the rate of 20% on long-term capital gains worked out after considering indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long-term capital gains worked out without considering indexation benefit (plus applicable surcharge and education cess).
8. As per the provisions of section 111A of the Act, Short-term Capital Gains arising to the company from transfer of Equity Shares in any other company through a recognised stock exchange or from sale of units of any equity-oriented mutual fund are subject to tax @ 10% (plus applicable surcharge and education cess), if such a transaction is subjected to Securities Transaction Tax.
9. In accordance with and subject to the conditions specified in Section 54EC and Section 54ED of the Act, the Company would be entitled to exemption from tax on Long-term Capital Gain [not covered by section 10(36) and section 10(38) of the Act] if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the “new asset”) to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.

B. TO RESIDENT SHAREHOLDERS

1. Dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the Company as per the provisions of section 10(34) of the IT Act.
2. Under Section 10(38) of the Act, the Long-term Capital Gains arising on transfer of securities, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the company.
3. As per the provisions of Section 112(1)(a) of the Act, other Long-term Capital Gains arising to the resident shareholders are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units [not covered by section 10(36) and 10(38) of the Act], are subject to tax at the rate of 20% on long term capital gains after considering the indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long term capital gains without considering the indexation benefit (plus applicable surcharge and education cess).
4. Any income of minor children clubbed with the total income of the parent under section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs. 1500/- per minor child under section 10(32) of the IT Act.
5. As per the provisions of section 111A of the Act, Short-term Capital Gains arising to the company from transfer of Equity Shares in any other company through a recognised stock exchange or from sale of units of any equity-oriented mutual fund are subject to tax @ 10% (plus applicable surcharge and education cess), if such a transaction is subjected to Securities Transaction Tax.
6. As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate

shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

7. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company [not covered by sections 10(36) and 10(38)], if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
8. In accordance with and subject to the conditions and to the extent specified the Section 54ED of the IT Act, the shareholders would be entitled to exemption from long term capital gain tax on transfer of their assets being listed securities [not covered by sections 10(36) and 10(38)], to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
9. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains on the sale of shares in the Company [not covered by sections 10 (36) and 10 (38)], upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains shall be charged to tax as long-term capital gains in the year in which such residential house is transferred.

C. TO NON-RESIDENT INDIAN SHAREHOLDERS

1. Dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the Company as per the provisions of section 10(34) of the IT Act.
2. Any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child per year in accordance with the provisions of section 10(32) of the IT Act.
3. As per the provisions of Section 112(1)(c) of the Act, other Long-term Capital Gains arising to the non-resident shareholders are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units [not covered by section 10(36) and 10(38) of the Act] are subject to tax at the rate of 20% on long term capital gains after considering the indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long term capital gains without considering the indexation benefit (plus applicable surcharge and education cess).
4. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
5. As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.

6. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
7. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the shareholders would be entitled to exemption from tax on long term capital gains [not covered by sections 10(36) and 10(38)] arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the specified asset is transferred or converted into money.
8. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the IT Act, the shareholder would be entitled to exemption from tax on long term capital gains [not covered by sections 10(36) and 10(38)] arising on transfer of their assets being listed securities to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
9. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains [not covered by sections 10(36) and 10(38)] on the sale of shares in the Company upon investment of net consideration in purchase / construction of a residential house. If part of net consideration were invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.
10. As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.
11. Non-Resident Indians [as defined in section 115C(e) of the Act] have an option of being governed by the provisions of Chapter XII-A of the Act, which provides them the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:
 - a. As per provisions of Section 115E of the Act, subject to the conditions and to the extent specified therein, Long Term Capital Gains arising from the transfer of an Indian company's shares [not covered by sections 10(36) and 10(38) of the Act], will be subject to tax at the rate of 10% as increased by a applicable surcharge and education cess, without considering the benefits of indexation but with protection against foreign exchange fluctuation as provided in First Proviso to Section 48 of the Act.
 - b. As per the provisions of section 115F of the Act, subject to the conditions and to the extent specified therein, the non-resident Indian shareholder would be entitled to exemption from Long Term Capital Gains [not covered by sections 10(36) and 10(38) of the Act] on the transfer of shares in the Company upon investment of net consideration in the manner specified in sub-section (1) of Section 115F.
 - c. As per provisions of Section 115G of the Act, non-resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if the only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- d. As per provisions of Section 115H of the Act, when a non-resident Indian become assessable as a resident in India, he/she is entitled to furnish a declaration in writing to the Assessing Officer along with the return of income to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or otherwise converted into money.
- e. As per the provisions of section 115I of the of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing the return of income for that year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and, accordingly, his total income for that assessment year will be computed in accordance with the other provisions of the Act.

D. TO OTHER NON-RESIDENTS

1. Dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the Company, under section 10(34) of the IT Act.
2. Any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs.1500 per minor child per year, in accordance with the provisions of section 10(32) of the IT Act.
3. As per the provisions of Section 112(1)(c) of the Act, other Long-term Capital Gains arising to the non-resident shareholders are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units [not covered by section 10(36) and 10(38) of the Act] are subject to tax at the rate of 20% on long term capital gains after considering the indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long term capital gains without considering the indexation benefit (plus applicable surcharge and education cess).
4. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
5. As per the provisions of section 111 A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
6. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
7. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company [not covered by sections 10(36) and 10(38)] if such capital gain is invested in any of the long term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.

8. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the IT Act, the shareholders would be entitled to exemption from long term capital gains [not covered by sections 10(36) and 10(38)] on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
9. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.
10. As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Resident.

E. TO FOREIGN INSTITUTIONAL INVESTORS (FII)

1. Under Section 10(34) of the Act, dividend (whether interim or final) received from a domestic company is exempt from tax in the hands of FII shareholders.
2. Under Section 10(38) of the Act, the Long-term Capital Gain arising on transfer of securities, which are chargeable to Securities Transaction Tax are exempt from tax in the hands of the FII shareholders.
3. As per the provisions of section 111 A of the Act, Short-term Capital Gains arising to the FII shareholders from transfer of Equity Shares in a company through a recognised stock exchange are subject to tax @ 10% (plus applicable surcharge and education cess), if such a transaction is subject to Securities Transaction Tax.
4. In accordance with and subject to the conditions specified in Section 54EC and Section 54ED of the Act, the FII shareholders would be entitled to exemption from tax on Long-term Capital Gain [not covered by section 10(36) and section 10 (38) of the Act] if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.
5. As per the provisions of section 88E of the Act, where the business income of an assessee includes profits and gains from sale of securities liable to Securities Transaction Tax, a rebate is allowable from the amount of income tax equal to the Securities transaction tax paid on such transactions. The amount of rebate shall, however, be limited to the amount arrived at by applying the average rate of income tax on such business income.
6. As per the provisions of Section 90(2) of the Act, if the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of residence of the non-resident are more beneficial, the provisions of that DTAA shall be applicable and tax will be charged in accordance with that DTAA.
7. As per provisions of section 115AD (1)(b)(ii) of the Act, the Income by way of Short-term Capital Gain (otherwise than that mentioned in 3 above) arising from transfer of shares held in a company for a period of less than 12 months is chargeable to tax @ 30% (plus applicable surcharge and education cess) in the hands of FII shareholders.

8. As per provisions of section 115AD (1)(b)(iii) of the Act, Income by way of Long-term Capital Gain (otherwise than mentioned in 2 above) arising from transfer of shares held in the company is chargeable to tax @ 10% (plus applicable surcharge and education cess). However, benefits of indexation and foreign currency fluctuation protection (as provided in Section 48 of the Act) are not available to FII shareholders.

F. TO MUTUAL FUNDS

In case of a shareholder being a Mutual fund, as per the provisions of Section 10 (23D) of the IT Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

G. TO VENTURE CAPITAL COMPANIES/ FUNDS

In case of a shareholder being a Venture Capital Company / Fund, as per the provisions of Section 10(23FB) of the IT Act, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, would exempt from Income Tax, subject to the conditions specified.

Benefits under the Wealth Tax Act, 1957

‘Asset’ as defined under section 2(ea) of the Wealth Tax Act, 1957, does not include share in companies. Hence, the shares are not liable to Wealth Tax.

Benefits under the Gift Tax Act, 1958

As no Gift tax is leviable in respect of gifts made on or after October 1, 1998, any gift of shares will not attract gift tax.

Notes:

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2005 and will be available only to the sole / first named holder in case the shares are held by joint holders.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements (DTAA), if any, between India and the country in which the non-resident has fiscal domicile.
3. In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her participation in the scheme. The tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

For **Haribhakti & Co.,**
Chartered Accountants

(Sd/-)
(Anish B. Mehta)
Partner

Place: Delhi
Date: March 10, 2006

SECTION IV

ABOUT JHS SVENDGRAAD LABORATORIES LIMITED

1. INDUSTRY OVERVIEW

Products and applications

World over the oral care market is largely represented by toothpaste and toothbrush. In India, there is a significant presence of toothpowder as well. Other products in this category include mouth-wash, sprays and oral rinses.

Segmentation

Toothpaste

About 60% of toothpaste in India is sold on family platform. There is one toothpaste for the entire family.

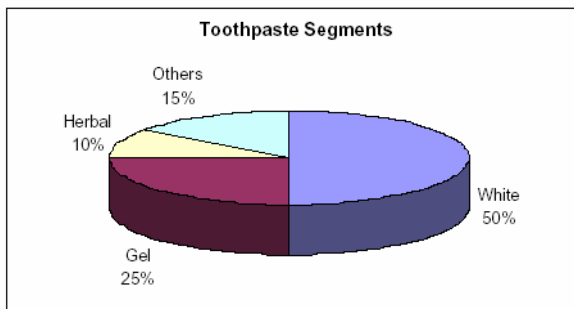
About 35% of toothpaste are sold on cosmetic propositions. These are targeted mainly at young consumers on the proposition of fresh breath and white teeth.

There is a niche market (5% of total) for toothpaste with therapeutic benefits. Toothpaste is also segmented based on product attributes as White, Gel, Herbal, etc.

Some products are also available as a combination of both Whites and Gel.

Chart 1: Segmentation based on Product attributes

Chart 1 : Segmentation based on Product attributes



Source : Industry

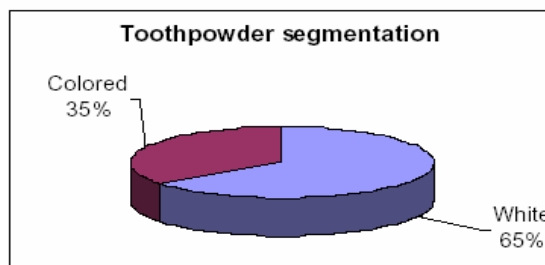
Price wise, toothpastes can be segmented as Economy, Regular and Value-added segments. The price range varies from Rs15-20 for a 100 gm pack in the economy segment to Rs30-35 for a 100 gm pack in the Regular Segment to Rs50 for a 100 gm pack in the medicated/value added segment.

Toothpowder

Use of Toothpowder is not a global phenomenon. Many people in India cleaned their teeth with fingers using traditional products like salt, ash, tobacco or other herbal products. Toothpowder was developed to cater to this user segment, which was not attuned to using either toothbrush or paste. The unorganised segment mainly catered to this market and products were black or red in colour. It is only in the last few years, that the MNC's have ventured into the toothpowder market and launched white toothpowder.

Today white toothpowder accounts for over 65% of the market, while the rest is divided between red and black.

Chart 2 : Toothpowder market : Colored Vs White



Source : Industry

Toothbrush

Toothbrush market segmentation has increased significantly in the last few years. 10 years ago, the most expensive toothbrush was priced at Rs4. Today, a branded toothbrush costs anywhere between Rs 7 to Rs 45. The market leader has also recently launched a toothbrush priced at Rs999! There are toothbrushes available for children, for specialized gum care, with flexible heads and other unique propositions such as toothbrushes with bristles that signal when the brush is to be replaced.

Consumer habits and practices

- Most families in India use common family toothpaste. Specialized toothpaste such as for children have been available in India only in last 2-3 years (mainly imported products) and usage is extremely low.
- World over toothpaste positioned on anti-cavity platform, contains fluorides. Excessive usage of fluoride can cause a disease called Fluoresces, to which children are particularly vulnerable. In India, there is a strong societal aversion to fluoride toothpaste.
- Usage of specialized medicinal tooth pastes/ dental care products, which are used globally for preventive purposes is virtually absent. In India usage of such products is prevalent only for problem solving after prescription by doctors.
- There is a critically low dentist population ratio (1:35000) in the country, which results in low oral hygiene consciousness and widespread dental diseases
- Increasingly, upper class consumers in urban areas are looking for specialized product with cosmetic promises like fresh breath, white teeth and functional benefits of controlling plaque, preventing cavity etc
- Many consumers in the lower end of the market in rural/semi urban areas still use natural products (which are not scientific denitrifies) such as neem twigs, tobacco, black powder (manufactured by unorganised sector) etc for cleaning their teeth. A part of these consumers are gradually switching to toothpowder manufactured by organized sector.
- Many consumers still do not use toothbrush, as natural product and toothpowder users clean their teeth with fingers.
- In advanced societies, brushing twice a day is a norm. In India, less than 15% of the toothpaste users brush twice a day
- Recent studies have indicated dual usage (powder and paste) in 10% of rural households. The younger generation is increasingly shifting to toothpaste even in rural areas
- In relative terms, penetration of toothpowder is higher in North and toothpaste in South. This could be due to higher education, purchasing power and urbanization in the South.
- Brand loyalty is extremely low in case of toothbrushes. Many consumers do not even recall the brand of toothbrush that they use. Most consumers are willing to change their brand or try out a new brand every time they buy a toothbrush.
- The frequency of replacing toothbrush is quite low among Indians. Although it is recommended that toothbrushes be replaced every 3-6 months for proper cleaning, most consumers continue to use the toothbrush until it is fully worn out.

**Source: India Infoline Sector Studies
Indian Oral Care Industry**

Indian Dental Industry

Oral Health Care System in India

Entitled to oral health care in public clinics (this means clinics providing free treatment by the State):

All Indian citizens are entitled to medical facilities in government hospital. A nominal fee is charged according to income category.

Entitled to care under national health (insurance) system (i.e. the government funded system of national healthcare.

This includes any compulsory insurance schemes run by the state): All government and private sector employees with a salary less than Rupees 6,500 per month are covered under the employee's state insurance corporation (ESIS)

Care/treatments covered under national health system:

All medical and dental treatment excluding treatment for cosmetic purposes

(source:fdiworlddental.org)

Oral Health Problems In India

Before any preventive programme is designed for a particular oral disease or condition, the problem must be clearly recognised and understood. Unfortunately, in our country no National Survey has been conducted to understand the magnitude of Oral & Dental problems, however, isolated studies are available to indicate the prevalence of Oral and Dental diseases. These studies have clearly indicated that Dental Caries, Periodontal diseases, Malocclusion and Dento-facial deformities and Oral Cancer are highly prevalent in our country.

1. Dental Caries

Dental Caries has been consistently increasing both in prevalence and severity for the last five decades. Dental caries is consistently increasing in its prevalence and severity especially in children and today according to a number of investigators 80 to 85 % of children suffer from this disease and the average number of decayed, missing and filled teeth per child at the age of 16 years is about 4 in rural areas and 5 in urban areas with almost no dental restorative help available particularly in the rural & deprived areas.

2. Gum or Periodontal diseases

Almost 95 to 100 percent of our adult population is suffering from periodontal diseases which is initially painless, chronic, self destructive leading to gradual tooth loss and mostly people accept it as the disease of old age.

3. Oral Cancer

Oral cancer presents a major health problem in India as 30-35% of all Cancers diagnosed are Oral Cancers with buccal mucosa contributing to about 15% of that. The prevalence of Oral Cancers in India ranges between 0.02 - 0.03 % in different Urban and Rural areas with southern states more prone to it, some part of the Uttar Pradesh also has special predilection.

4. Malocclusion

About 30% of the children suffer from malaligned teeth and jaws effecting proper functioning of dentofacial apparatus and aesthetics.

About 75% of the rural population has been totally neglected, it is therefore essential for a vast country like India Preventive approach including health education and promotion should be given due importance in implementing the Oral Health Care.

It is a well known fact that the treatment of dental disease is very expensive and time consuming. In USA alone \$ 43,83,000.00 were spent in 1970 for dental caries with major expenditure going for restoration of caries teeth. This sum was approximately 1% of total national income and 10% of nations health bill. Similarly in U.K. in 1977 approximately 250 million pounds were spent in England and Wales alone on

dental treatment within the general dental services section of National Health Services. Whereas in India approximately 2% of budget is spent on health and there is no separate allocation for oral health.

Till date in India no serious effort been taken to improve oral health of the masses. Till today oral health does not have a separate budget allocation in national or state health budget. As compared to other countries, we are still lacking in paying sufficient attention to such an important part of our health. In India with increasing level of dental diseases, limited resources and manpower it seems practically impossible to provide curative services to each and every individual, which is primary duty of Government of India. To find out a viable mean to handle such situation the only alternative seems to be preventive approach. This is relatively simple and cost effective utilising oral health education, preventive strategies and mass media utilisation.

The dentist population ratio in urban areas is approximately 1 : 30,000 as compared to 1 : 1,50,000 in rural areas. However if the prevalence of dental disease in urban and rural areas is compared, the average number of decayed, missing and filled teeth per child by the age of 16 years in urban areas is approximately 5.0 as compared to 4.0 in rural areas, reported by a number of investigators.

Almost 85-90 percent of the children and 100 percent adults in both urban and rural areas suffer from gingival and periodontal diseases, respectively. This clearly indicates that no doubt the services of dental specialists are available to the masses in the urban areas but in reality the oral diseases prevalence has not decreased and is rather high. This is probably due to lack of awareness and motivation of the public as well as the dentists in the primary prevention of the oral diseases. It has been seen in a number of developed countries, e.g. Sweden, USA, UK, etc. that only after institution of organised preventive measures in the community, the dental caries could be reduced by almost 50-70% over a period of 10-15 years.

Government of India initiatives

National Oral Health Care Programme a project of DGHS and Ministry of Health & Family Welfare was initiated in 1998 and later on the Department of Dental Surgery, All India Institute of Medical Sciences was chosen as the nodal agency to implement it.

The programme aims at designing and accessible a low cost, sustainable Oral Health Care Programme suitable for National dissemination targeting the focus on rural population. The Goals of National Oral Health Care Programme are:

The Short Term Goals (for the pilot project):

- *To develop an accessible, low cost, sustainable Oral Health Primary Preventive Programme using existing infrastructure and resources.*
- *To frame & develop the Training Module for Master Trainers (Dental Surgeons)*
- *To frame and develop the Training Module for Health Workers*
- *To develop IEC material for Oral Health awareness generation in the public.*
- *To suggest the guidelines for strengthening for Oral Health set ups at Centre and State level.*

The Long term Goals:

- *To bring down the DMFT in school children between 6-12 years to less than 2*
- *85% should retain all their teeth up to the age of 18 years*
- *Reduction of high prevalence of periodontal disease to lower prevalence*
- *To achieve 50% reduction in levels of edentulousness between the ages of 35-44 years*
- *To achieve 25% reduction in levels of edentulousness between the ages of 65 and above.*
- *To achieve 50% reduction in the present level of malocclusion caused by oral habits in children.*
- *To reduce the number of new cases of Oral Cancers and Precancerous lesions from the existing levels of 19 per lac.*
- *Finally to provide Oral Health Care for All by 2010*

The Government of India accepted the Oral Health Policy in 1995 and has been made part of the National Health Policy.

As per dental manpower committee report of Dental Council of India there are approximately 44,000 dentists for population of more than 100 million with dentist population ratio of 1:30,000 in urban areas and 1:1,50,000 in rural areas. In the past decade, the country has established 140 approved and recognised dental colleges but these colleges have been set up arbitrarily and haphazardly without considering the magnitude / need of the population in different states. It has been well established that Preventive programmes are very cost effective and advantageous method for fighting oral diseases. But restorative / rehabilitative approach has been practised in India in spite of being very expensive and with limited facilities.

(Source: NOHP, Ministry of Health & Family Welfare, GoI)

2. BUSINESS OVERVIEW OF THE COMPANY

BRIEF HISTORY

Our Company was incorporated on October 8, 2004 in the State of Himachal Pradesh by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh situated at Jalandhar with the main object to manufacture and or trade of/in dental/oral care products, which includes Toothbrushes, Toothpaste, Tooth Powder, Mouth Rinse, Whitening Gel, Effervescent Tablets, Tongue cleaners etc.

We are a Dental/Oral care products manufacturing Company manufacturing a wide variety of dental and oral care products. We are private label manufacturers for many of the national and international brand names. Initially we manufactured only toothbrushes but soon realizing the vast potentials of the oral care market, we also decided to venture into its manufacture.

Our Company vide an agreement dated July 27, 2005 and supplementary agreement dated August 1, 2005 took over the businesses on a going concern basis from the three proprietary concerns namely M/s. Sunehari Svendgaard Laboratories, M/s Sunehari Oral Care and M/s Jai Hanuman Exports with effect from April 1, 2005

We have our present production facilities at New Delhi and a 100% Export Oriented Unit at Noida Special Economic Zone in the State of Uttar Pradesh. Presently we are meeting some of our toothbrush production requirements by outsourcing some of manufacturing processes to other small manufacturers, but due to cost and quality constraints we now plan to in-house produce the same by expanding our production capacity at NSEZ in Noida and by way of setting up a wholly integrated manufacturing facility at Kala Amb, District Sirmour in the State of Himachal Pradesh.

In order to meet the growing demands of domestic and international markets, we now propose to set up an integrated unit at Kala Amb, in the State of Himachal Pradesh to manufacture a complete range of all dental products.

One of the erstwhile proprietary concern M/s Jai Hanuman Exports and now a unit of the Company has been certified as a TOP exporter of Toothbrushes and Dental Plates by the PLEX Council (Plastic Export Promotion Council) (sponsored by the Ministry of Commerce and Industry).

OUR COMPETITIVE STRENGTH

Experience of our Promoter

Our Promoter have a decade long experience in the dental care industry. We have a complete team of professionals managing the operations of our Company.

Locational Advantage

Our Company plans to set up toothbrush manufacturing plant in the State of Himachal Pradesh, which is an excise free zone. The recent budget has proposed to impose excise duty on toothbrushes on its Maximum Retail Price (MRP). The advantage of which would be to enable us to pass on the cost benefits to our exiting and prospective customers.

Flexibility to do different Toothbrush designs

Our plant is equipped with CNC machines providing us the flexibility in operations by enabling different toothbrush designs for better product range.

In-House designing facilities

We have an in-house team of designers where we are able to process all our customers' artwork, even create new options for them. This provides our customers with a one-stop solution enabling them to undertake the study about the look, feel of the product in prototype and ensuring a good product from the word go. We have the capabilities to do prototyping for most of the products before commercial start-up to ensure that our customers do not have issues during the commercial launch.

Lower Turnaround Time

Due to our in-house designing capabilities as well as prototyping facilities we are able to turnaround a product in 6-8 weeks as against a normal period of 10-12 weeks. This also ensures that we have a consistent portfolio of products for all customers in the domestic as well as international customers.

Economies of Scale

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. Higher volumes shall further fuel the economies by providing the negotiation power with suppliers leading to cost savings for the Company.

High Productivity

We are able to ensure greater productivity to the work force through continuous training and regular routine assessment of their skills. We make use of the work rotation principle ensuring a greater number of trained workforces for the operations and more people are skilled to perform multi-tasks. This has also resulted in greater productivity and helped in ensuring lower monotony in the job of an individual.

Quality Assurance

We are an ISO 9001 certified Company ensuring total satisfaction to customers, for this we have a well-staffed quality assurance department with an external auditor auditing their performance and ensuring that we are able to ensure a quality product to customers.

Wide Variety

Today we manufacture a wide range of toothbrushes, mouth rinse as well as whitening products. This enables our customers to select and choose as per their requirement. Further due to our long manufacturing experience we are able to cater the specific product requirement of any customer.

Backward Integration of our manufacturing Process

We have slowly and gradually graduated from being just toothbrush manufacturer to handle moulder as well as blister former and are further adding more and more integrated operations into the existing system leading to an overall cost saving for the Company as well as improving productivity and quality through in-house monitoring of stocks as well as quality. This has helped us to reduce our inventory costs and storage space.

Continued Focus on oral and dental health care products

Our core competence is in the oral and dental care segment and we shall continue to stick to our capabilities and enhance customer satisfaction in this particular area rather than diverting attention to other.

OUR PRODUCTS

We presently manufacture the following range of products: -

- Toothbrushes
- Toothpastes
- Whitening Gels
- Whitening Mouth Rinse/Mouth Rinse
- Denture Cleaning Effervescent Tablets
- Tongue Cleaners

We have a good mix of export and domestic sales roughly in a proportion of 50:50 in rupee value which we perceive provides us a very stable growth model for future business development as well as a support in case of slow down in any of the markets we have alternatives ready.

OUR CLIENTS

We presently manufacture our range of products for our customers who are very well known in domestic and international markets. Most of the service contracts executed with our customers have a customary non-disclosure clause, which do not permit us to disclose their names in any documents/public announcements etc.

BUSINESS STRATEGY

Our Business Strategy is 3 pronged

- ❑ Manufacturing of Dental Care products in India,
 - ❑ Proactively setting up advanced technology in India for dental care products to create competitive edge in international and domestic markets,
 - ❑ Move to Tax Free Zone with large capacities to be cost effective suppliers.
- ❖ Our approach with regards to manufacturing facility shall be focussed on: -

Leadership through product innovation

1. Rationalisation of cost by moving to Kala Amb in Sirmour State of Himachal Pradesh which has cheaper electricity as compared to other States in India. Cost of Electricity constitutes around 20% of the total manufacturing cost of the product.
 2. Increased capacity would lead to better-cost structure.
 3. Single point solution for all our customers needs with regard to dental FMCG health care products by continuously enhancing our product portfolio.
 4. Wider range of products across all price point with one of the largest range of toothbrush handles.
 5. Niche products to have edge over competition
- ❖ Setting up an advanced technology manufacturing plant in India for Toothbrushes with Anchorfree Technology, which shall provide us an upper hand in meeting most of the demands of our existing customers and also help us to target new customers, thereby widening our customer base in India and abroad. Further through this expansion project we shall be importing other latest technological advanced machineries for manufacturing toothpastes and other oral care products.

OUR CAPACITIES

Unit wise production carried out of the above listed products is as follows:

	JHE	SOC	SSL
Name of the product manufactured	Toothbrushes	Toothpaste, Mouth rinse, Whitening Gel, Effervescent Tablets	Toothbrushes, Tongue cleaners & packing Trays

* Production for Mouth Rinse, Whitening Gel and Effervescent Tablets were started in the month of October 2005, November 2005 & March 2006 respectively.

Capacity Utilisation

The following table gives the capacity utilization figures for the past three years:

	2004-05	2003-04	2002-03
Toothbrush (Conventional)			
Installed Capacity (In Mn. Units.)	30	20	15
Actual Production (In Mn. Units.)	30	18	8
Capacity Utilisation (%)	100	90	53.33
Toothpaste			
Installed Capacity (In tonnes.)	200	N/A	N/A
Actual Production (In tonnes.)	15	N/A	N/A
Capacity Utilisation (%)	7.5	N/A	N/A
Tongue Cleaner			
Installed Capacity (In Mn units)	4	N/A	N/A
Actual Production (In Mn. units)	0.5	N/A	N/A
Capacity Utilization (%)	12.5	N/A	N/A

* Production for Toothpaste and Tongue Cleaner were started in the month of January 2005 and October 2004 respectively.

Production for the period 2005-2006 upto 31.12.2005

Products	Installed Capacity (P.A.)	Actual Production	Capacity Utilisation (%)
Toothbrushes (Conventional)	40 Million	30 Million	100.00
Toothpaste	450 Tonnes	300 Tonnes	88.89
Mouth Rinse*	50000 Litres	12500 Litres	100.00 [#]
Whitening Gel*	10000 Litres	125 Litres	15.00 [#]
Denture Cleaning Effervescent Tablets*	5 Million	0.2 Million	48.00
Tongue cleaners	4 Million	0.5 Million	12.50

* Production for Mouth Rinse, Whitening Gel and Effervescent Tablets were started in the month of October 2005, November 2005 & March 2006 respectively.

[#] Capacity utilisation has been annualised on the installed capacity of production.

Our Proposed capacities and capacity utilisation

Proposed Capacities

Products	2006-07 (P.A.)	2007-08 (P.A.)	2008-09 (P.A.)
Toothbrushes (Conventional)	70 million	70 million	70 million
Toothbrushes (Anchorfree)	6 million	6 million	6 million
Toothpaste	2250 tonnes	2250 tonnes	2250 tonnes.
Mouth Rinse	450000 Litres	450000 Litres	450000 Litres
Whitening Gel	50000 Litres	50000 Litres	50000 Litres
Effervescent Tablets	175 millions	175 millions	175 millions
Tongue Cleaners	-----	-----	-----

Proposed Capacity utilisations

Products	2006-07	2007-08	2008-09
Toothbrush (Conventional)			
Installed Capacity (In Mn. Units.)	110	110	110
Proposed Production (In Mn. Units.)	90	100	110
Capacity Utilisation (%)	81.81	90.91	100
Toothbrush (Anchorfree)			
Installed Capacity (In Mn. Units.)	6	6	6
Proposed Production (In Mn. Units.)	3	4.5	6
Capacity Utilisation (%)	50	75	100
Toothpaste			
Installed Capacity (In tonnes.)	2700	2700	2700
Proposed Production (In tonnes.)	1000	1500	2000
Capacity Utilisation (%)	37.03	55.55	74.07
Whitening Mouth Rinse			
Installed Capacity (In Mn. Ltrs.)	500000	500000	500000
Proposed Production (In Mn. Ltrs.)	200000	300000	400000
Capacity Utilisation (%)	40	60	80
Whitening Gel			
Installed Capacity (In Mn. Ltrs.)	60000	60000	60000
Proposed Production (In Mn. Ltrs.)	10000	15000	20000
Capacity Utilization (%)	16.67	25	33.33
Effervescent Tablets			
Installed Capacity (In Mn. units)	180	180	180
Actual Production (In Mn. units)	150	160	180
Capacity Utilization (%)	83.33	88.89	100
Tongue Cleaner			
Installed Capacity (In Mn units)	4	4	4
Actual Production (In Mn. units)	2	3	4
Capacity Utilization (%)	50	75	100

Our existing capacities constraints have forced us to outsource manufacturing of few of our processes to other manufacturers, which leads in problems of quality assurance, lower margin and logistics hurdles. In order to overcome these problems we intend to set up an integrated facility at Sirmour, Kala Amb in the state of Himachal Pradesh. The benefits of this set up will help enable our Company to meet the expected demands of our customers through in-house means without any dependence on any of the outsiders. Further our existing and prospective customers who are national and international name brands have already moved to Himachal Pradesh and Uttaranchal, giving our Company locational and tax advantage.

The production of Anchorfree Toothbrushes is proposed to be achieved through installation of Anchorfree Technology enabled machines to be imported from Boucherie, Belgium. Further we plan to automate the production lines and add four colours tooth paste-filling line to be imported from Norden, Sweden for producing toothpaste, mouth rinse, whitening gel and tabulating plants for achieving the capacity levels as mentioned above.

We plan to establish our self as a single point solution provider for all the oral health care product requirements of our customers.

Anchorfree Technology

Anchorfree Technology is a landmark improvement over the conventional manual toothbrush technology other than Electric toothbrushes. Conventionally toothbrushes were manufactured by drilling holes through Bristling Machine in wooden handles. Currently we get preholed plastic handles through injection moulding process. However the current process does not enable the brushes to have shapes and sizes other than a round hole. This is because the Anchor wire cuts through the hole of the handle to hold the bristles in the hole. Current process is preholed through injection moulded plastics handles.

However in case of an Anchorfree technology we can have different shapes and sizes. This has really picked up in USA and most of Europe amongst the Manual as well as Electric toothbrushes since the technology of fixing bristles in the handle is common to both manual and electric toothbrushes. The Key benefits are as below

- We can have a toothbrush tuft with same width as a tooth on sides in order to ensure complete cleaning in single stroke.
- Secondly we can have a thick raised tip at the top of the handle to function as a toothpick for the user.
- Thirdly and one of the important reasons being the better end rounding results on this technology toothbrushes which ensure better brushing and low damage to the enamel. The brushes with bad end rounding are very harmful for the teeth and its enamel.
- Fourthly the aesthetic appeal of the Anchorfree brushes is a lot more than conventional brushes.

Existing Duty Structure:

Following is the duty structure for our products:

	Basic	Education Cess	Total
<u>For Toothbrushes etc</u>			
On Raw Materials	16.00%	2.00%	16.32%
On Finished Goods	8.00% (at clearance price/invoice value)	2.00%	16.32%
<u>For Toothpastes, Mouth Wash etc</u>			
On Raw Materials	16.00%	2.00%	16.32%
On Finished Goods (Domestic)	16.00 % of 65.00% of MRP	----	65.00%
On Finished Goods (Exports)	16.00% on invoice value *	----	16.00%

* Though there is no duty on exports of finished goods but the Company normally charges a duty and files a refund with the excise department for rebate.

In the recent budget 2006 it is proposed that excise duty on toothbrushes shall be levied on the MRP, notification is yet to be gazetted.

Export Obligation

Our Company has to fulfil the export obligation under EPCG Scheme amounting to USD 21,76,870, out of which the Company has already fulfilled an export obligation of USD 16,84,940. Remaining obligation of USD 4,91,930 has to be fulfilled by various years ranging from 2012 to 2014.

Sr. No	EPCG License No.	Date	Details of Capital Goods purchased	Nature of Export Requirement	Amount of Export Obligation (in USD)	Export Obligation Expiry Date
1.	0530132552*	08.02.2002	Toothbrush Tufting Machine (4nos.), Toothbrush Finishing Machine (1 no.)	Toothbrush	1025231.21	07.02.2010
2.	0530136775*	12.08.2004	CNC Toothbrush Tufting Machine (2 nos.), Trimming machine, Packing Machine (2 nos.), Printing machine (2 nos.), Moulding Machine (1 no.), Mould (3 nos.)	Toothbrush	7,89,734.58	11.08.2012
3.	0530137524*	07.12.2004	High frequency PVC Welding Machine (1 no.), Plastic injection Moulding Machine (1 no.), Screw Air Compressor (1 no.), Vertical Injection Moulding Machine (1 no.)	Toothbrush	1,77,184.00	06.12.2012
4.	22300000263**	03.01.2006	CNC Toothbrush Tufting Machine (10 nos.), Trimming machine (6 nos.), Packing Machine (1 no.), High Frequency PVC Welding Machine (1 no.), Plastic Injection Moulding Machine (10 nos.). Vertical Injection Moulding machine (5 nos.)	Toothbrush	32,93,051.42	02.01.2014

* These licenses are issued in the name of M/s Sunehari Svendgaard Laboratories (proprietary concern taken over by the Company)

** Against the License No. 22300000263, we have imported only 3 (three) machines worth USD 78,000/- and saved import duty worth Rs. 10,27,538/- on which Export obligation is Rs. 82,20,304/-

Competition

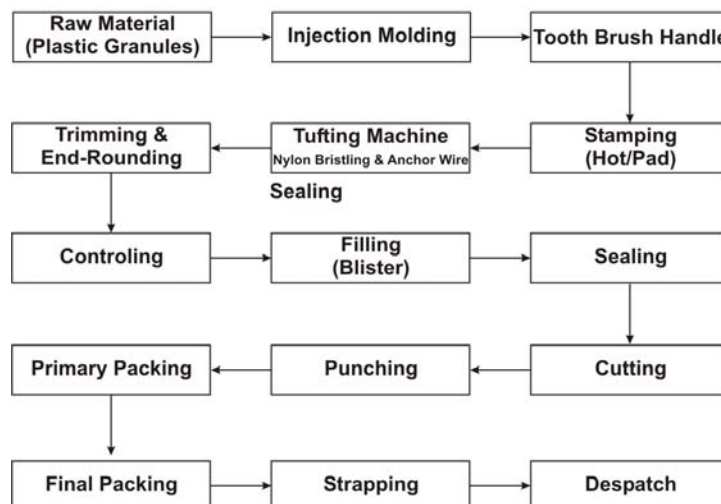
Our Competition primarily comes from players from the organised and regional players from the unorganised sector. The players from the organised sector are well equipped with technological advanced machineries and manpower at their disposal. Unorganised and smaller players have a very restricted role to play and are totally dependent on the principal contract manufacturers.

OUR MANUFACTURING PROCESS

Toothbrushes

- The raw material (dana) is mixed with the master batch (so as to get the desired colour of the toothbrush handle) in the mixer.
- After its proper mixing, the material is put into the hopper of the injection-moulding machine for moulding as per desired shape of the mould loaded on the machine.
- Stamped with hot foil or ink, if logo not engraved in the mould
- Later the handle goes to the tufting section here the bristles are inserted with the help of anchor wire and are sent to the trimming section where the tufted handles are trimmed as per the approved profile.
- The bristles are thereafter trimmed, and despatched to the sealing and cutting machines. The trimmed brushes are put into the PVC blister and sealed with a backer card in multi-ups. Then they are cut into single brushes and punched with a hanging fly if required.
- Next follows the packing of the toothbrushes wherein the brushes are placed in the stands, stickers are pasted and then the stands are shrink-wrapped and finally placed into the outer carton.

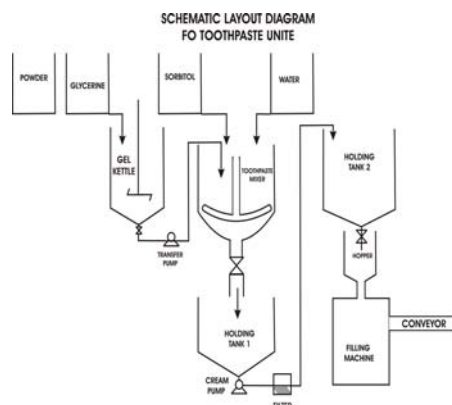
Process Chart of Toothbrush



Toothpaste

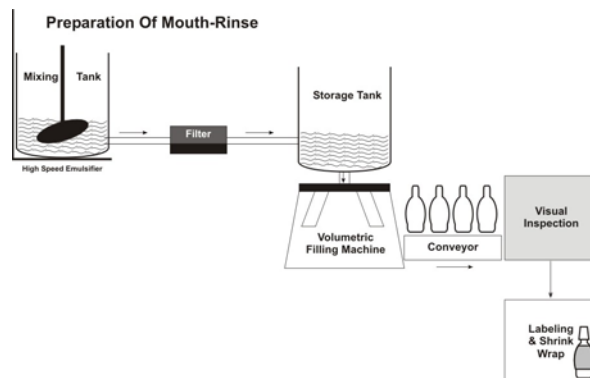
- The powder, glycerine, Sorbitol and water are poured into the kettle and from there it is transferred into the toothpaste mixer.
- After this the material goes through the filtering stage where the material is put in tank 'a' and then transferred into tank 'b' and then passed into the hopper for filling into suitable containers of appropriate size with the help of filling machine.

The material is then filled into tubes which then goes into the mono carton and finally into the outer carton.



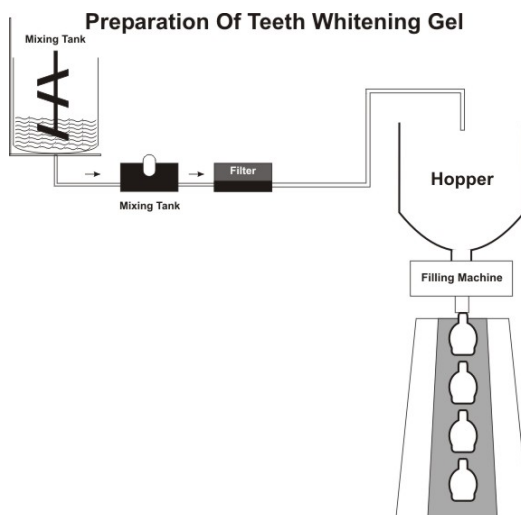
Whitening Mouth Rinse

- Sorbitol, Glycerine, Purified water, Sodium Fluoride, Saccharine Sodium goes into the tank wherein the mixing takes place.
- It is filtered through filter press having 5-micron filters and is transferred into a suitable storage tanks.
- Material is then taken for filling into suitable containers of appropriate size with the help of volumetric filling machine.
- Each and every bottle is visually checked with respect to foreign particles and is passed or rejected.
- Frequently volume is monitored by the quality control people.



Whitening Gel

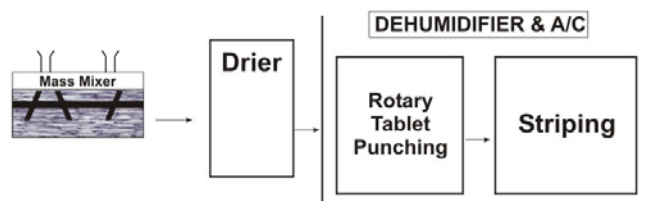
- Aqua, Carbomer, C_2H_5OH (Ethyl Alcohol), H_2O_2 (Hydrogen Peroxide), goes into the tank wherein the mixing takes place.
- After which the material is transferred into the transfer pump after which the material is filtered.
- Material is then taken into the hopper for filling into suitable containers of appropriate size with the help of volumetric filling machine.
- Each and every bottle is visually checked with respect to foreign particles and is passed or rejected.
- Frequently volume is monitored by quality control people.



Effervescent Tablets

- The powder is put into the mass mixer where slugging takes place. After they are slugged they are transferred into the granulated machine.
- Later these granules are dried under specified temperature after which they are transferred into the rotary tablet-punching machine so as to get the desired shape as per the requirement.
- After they get the desired shape the tablets are put in to the stripping machine where strips of tablets comes out and finally placed in the cartons.

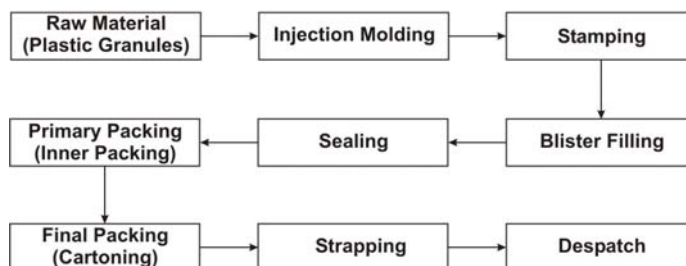
Preparation Of Effervescent Tablet



Tongue Cleaners

- The raw material (Dana) is mixed with the master batch (so as to get the desired colour of the tongue cleaner) in the mixer.
- After its proper mixing, the material is put into the hopper after which the tongue cleaner comes out as the end plastic product.
- The tongue cleaner is then put into a blister sealed with backer card and put into dozen boxes and then finally packed in cartons.

Process Chart of Tongue Cleaner



INFRASTRUCTURE FACILITIES FOR RAW MATERIALS AND UTILITIES LIKE WATER, ELECTRICITY, ETC.

RAW MATERIALS

Our Company deals in the production of toothbrush, toothpaste, whitening mouth rinse, whitening gel, effervescent tablets and tongue cleaners. The requisite raw materials are all procured within India and few are also imported from abroad. The primary raw materials required for the productions of the above products are as follows:

Tooth Brushes: Polypropylene (plastic Granules/dana), Nylon, bristles, Master batch (for the desired colour combination), Anchor wire etc.

Toothpastes: SLS (Sodium Laurel Sulphate), glycerine, Sorbitol Sodium Saccharine, water etc.

Whitening Gels: Aqua, Carbomer, C₂H₅OH (Ehtyl Alcohol), H₂O₂ (Hydrogen Peroxide), etc

Whitening mouth rinse: Sorbitol, Glycerine, Purified water, Sodium Fluoride, Saccharine Sodium etc

Effervescent tablets: Soda Ash, sodium Bi-carbonate, Citric Acid, Sodium Sulphate, Peppermint Oil etc.

MANNER OF PURCHASE

Our Company is involved into private label manufacturing with different clients so the monthly plan is received from customers end containing the necessary material requirements.

Suppliers are selected according to accessibility, timely delivery of material and assured quality as specified by the client.

Quotes are received from different suppliers for a particular raw material and the one with the most competitive quote is submitted with the purchase order. Purchase orders and applicable customer specifications are reviewed to assure that the customer's contractual requirements are met.

The primary goal of the Company is to achieve customer value and satisfaction through our products and services. In order to meet this goal, the product and service we offer must not only achieve high levels of technical performance, but must also meet all customer requirements as per their specifications, standards and quality norms.

This involves converting the customer specifications and purchase orders into internal processing documents. During this review the following are identified: processing, controls, pricing, delivery, test equipment, fixtures, and tooling or skills required to assure that customer specific requirements are met.

Contract review also takes place continuously in the volume production phase following the product development process. Before any new order is entered into the production planning system it will be evaluated to ensure that:

- The order requirements are adequately defined and documented.
- Contradictory requirements are resolved.
- The capability exists for meeting the promised delivery on schedule.

UTILITIES

Power

Our Company at present has a sanctioned load of 651.11 KW sanctioned by BSES in the existing units at Mohan Co-operative Industrial Estate, servicing both the SSL & SOC units for Toothbrushes as well as for Toothpaste. However the maximum load requirement for the two units is only at 400K.W, which ensures minimum fluctuations and uninterrupted supply. Apart from this the Company has a power backup of 380 KVA, 200 KVA -generator set from Kirloskar-Cummins for running the units uninterruptedly. The unit at NSEZ has a connected load of 50 K.W. sanctioned by UPSEB and has a generator backup for equivalent load for uninterrupted manufacturing operations.

Comment: P:
Abbreviations

Our Company has envisaged peak power requirement of 700 KW in the new unit at Kala Amb, in Himachal Pradesh. Since the state is rich in its power resource we do not foresee any problem with regards to the sanctioning of the load from HPSEB. Apart from this the State of Himachal Pradesh has a cheaper power tariff rates, which would also add to substantial savings for the Company. Apart from this we shall have a power backup with 2 generators of 500 KVA each in order to ensure uninterrupted power supply during power cuts, if any.

Water

The water requirement for Toothbrushes is only in the injection moulding process where once filled the same water is recirculated through cooling tower for atleast 15-30 days. However for human consumption the same is met by filtration of the ground water. The water requirement for the Toothpaste and Mouthwash are met through supplies from M/s Ice Cubes and Minerals at @ of Rs 0.35 per litre and is a part of the product cost.

The requirement of water is 8% of total production in the toothpaste plant; however it is almost 70% in the mouth rinse production. This translates into an approximate requirement of 216000 litres for toothpaste

plant and 350000 litres per annum for mouth-rinse production. The requirement for production shall be met by existing supplies and a storage tank shall be made to keep the same.

INFRASTRUCTURE FACILITIES AVAILABLE AT KALA AMB

At the proposed site at Kala Amb we have the following infrastructural advantage viz listed below: -

- Close proximity to Delhi, Chandigarh, Ambala and Yamunagar.
- Close proximity to Yamuna Nagar in Haryana, which is an engineering hub ensuring immediate support of engineering services for plant upkeep.
- Kala Amb being at the border and the proposed unit about 1500 meters from the Haryana boundary shall ensure steady supply of workforce, infrastructure and transport.
- The unit being in an area which is at the foothills of the Himalayan range which means limited plane area availability for industrial purpose. This limited availability of land shall ensure that the available infrastructure doesn't get over burdened.
- An energy surplus state shall ensure better supply of electricity and at better rates.
- Further most of our present and prospective customers have planned or are already present with their facilities in the state of Himachal Pradesh and Uttarakhand, which are in proximity to our proposed unit. This would enable us to better serve the existing and prospective customers.

OUR MARKETING AND SELLING NETWORK

We are private label manufacturers for some of the national and international name brands producing different types of dental health care products as per their requirements and specifications. We have our headquarters at New Delhi, India.

We market our products by following the below given module:

1. Selection of Target Market
2. Research and Development of the Products
3. Marketing Strategies
4. Obtaining feed back

1. Selection of Target Market:

Factors on which our Company selects the target market:

- a) Environmental Factor
- b) Social Factor

2. Research and Development of the Products

Our Research and Development includes the following:

- 1) Gathering information & data over the existing products in the domestic and international market. (i.e. style of packaging & products etc.)
- 2) Analysing prospective/existing customer needs, wants & requirements through these products.
- 3) Measuring the Utility & Value of Products developed by the Company with regards to the domestic and international market.

3. Marketing Strategies of the Company

Our Marketing Strategies includes making our products accessible to our customers by displaying them on our website, circulating brochures, catalogues, kiosks, press releases, news paper advertisements, participating in international trade fairs, contacting prospective customers by picking

up products from the market and contacting them directly, offering our services and detailing our capabilities etc.

4. Obtaining feed back

Our Marketing Team gathers the necessary feed back from the market about the product developed & do the necessary rectifications according to our customer's needs and requirements.

PROPERTY

Our Company has entered into a Sale Deed for purchase of additional land situated at Mouza Kheri, Tehsil Nahan, District Sirmour, Himachal Pradesh admeasuring 12.01 bigha i.e approximately 19461.39 sq. mts. with Mr. Sita Ram & Mr. Roshan Ali (general power of attorney holders) on November 7, 2005. The sale consideration of Rs. 44.64 lacs (inclusive of stamp duty of Rs. 4.28 lacs) has already been paid by the Company and accordingly have received the possession thereof.

Our Company has also entered into Agreement for Sale for land situated at Mouza Kheri, Tehsil Nahan, District Sirmour, Himachal Pradesh admeasuring 7.03 bigha approximately 11391.64 sq. mts. from various sellers of land on September 25, 2004. We have paid the total compensation of Rs. 42.20 lacs to the sellers of the land towards the various pieces land calculating to 7.03 bigha approximately 11391.64 sq. mts. and have already received possession thereof, but the same is pending for registration. The stamp duty and other incidental expenses to be incurred would approximately be Rs. 4.47 lacs.

HUMAN RESOURCES

We have a total of 83 employees as on February 28, 2006. In addition to them, we also employ 54 number of contractual labourers. Our success depends on our ability to recruit, train and retain quality employees and workers. The details of Key Managerial Personnel are given in the section titled 'Our Management' on page no. 64 of this Draft Red Herring Prospectus. The following table sets out the break-up of our employees categorised by our various locations and job functions:

The Company currently employees the following personnel at their respective units

Particulars	Unit I - SSL		Unit II - SOC		Unit III - JHE	
	No. of Staff	No. of Workers	No. of Staff	No. of Workers	No. of Staff	No. of Workers
Admin	7	1	0	0	1	1
Accounts	10	0	2	0	2	0
Sales and Marketing	8	0	4	0	6	0
Stores and Purchase	5	2	0	0	1	0
Production	8	8	4	0	5	1
Quality & Control	3	0	0	0	0	0
Maintenance	4	0	0	0	0	0
Contract workers	0	36	0	18	0	0
Total	45	47	10	18	15	2

The requirement for the manpower at the proposed location shall be

Particulars	KALA-AMB
Workers (inclusive of contract workers)	120
Staff	25
Total	145

HR POLICY

The HR policies of our Company are based upon the belief that the success of our Company is primarily dependent on its people and that the development of potential of each employee is good both for the employee and the business and therefore the Company.

In view of this basic premise, comprehensive sets of policies are laid down. Our HR policies aim at attracting, retaining and motivating the best talent to achieve higher goals and attain greater opportunities for the advancement in their career.

The guiding principles of our HR policies are:

- To be fair and competitive.
- To encourage and facilitate employee potential and therefore growth.
- To offer compensation commensurate with responsibilities, performance and achievements.

Recruitment

Our Company's recruitment policy is to attract the best talent at the Induction level and after familiarisation with the Group, offer them a fair and open field for development and growth purely on performance and success in their field.

The recruitment process based on the above, has the following objectives:

- To ensure that all positions identified in the organisation structure are filled with people who have the requisite skills, knowledge, experience and qualifications required to perform them effectively.
- To provide career opportunities for deserving personnel in line with their skills and potential.
- To infuse fresh ideas and calibre in the organisation to help alleviate current organisational skills, wherever required and possible.

Training

Human resources have been recognised as a very important resource of our Company. The training policy is geared towards enabling the individual employee to enhance his/her capability, at the same time contributing towards the Company's growth and achievement of other corporate objectives.

In order to improve organisational efficiency and effectiveness, the necessary skills will be imparted within the organisation through a combination of organisational development and training and development activities. Training aims to help the employees improve their performance on-the-job, while programmes aimed at development expose them to new ideas and new techniques, including change in attitude.

The objectives of training & development for the Company are:

- To upgrade the existing skill set of its staff.
- To expose them to modern techniques and systems of Management.
- To encourage employees with potential to take on higher responsibilities.
- To inculcate a sense of appreciation for other functional areas, and an understanding of the linkage of their activities with other areas; and
- To bring about changes in attitude.

Employee Retention and Care

We strive to promote a feeling of well being in our employees through care and respect. We have several structured processes including employee monitoring, grievance management and corporate ethics programmes which are intended to facilitate a friendly and cohesive organisational culture. We have created an environment, which promotes an open community culture among our employees.

Compensation and Performance Management

Our compensation policy is performance based and we believe it is competitive with industry standards in India. Our compensation packages are adjusted annually based on industry salary correction, compensation surveys and individual performance. We believe in offering compensation commensurate with responsibilities, performance and achievements.

EFFLUENT TREATMENT

The production of Toothbrushes/Toothpaste/Mouth Rinse/Denture Cleaning Effervescent Tablets etc. do not generate any effluent material, at the present production facilities our Company have limited to in-house effluent treatment wherever required. However the Company proposes to have a self-effluent treatment plant at the proposed site in order to ensure all the waste generated is treated in-house. The facilities shall have a septic tank for all process waste to be treated and consummated in-house. The Company plans to obtain a NOC from the HP Pollution Control Board the same could be obtained only after the proposed machineries have been installed at the proposed site.

INSURANCE

We have insurance coverage, which we consider adequate to cover all normal risks associated with the operations of the business. The insurance covers the entire plant and machinery, inventories at all our locations, as well as goods in transit and all our vehicles. We believe that our current levels of insurance coverage are in line with industry norms in India.

Key man Insurance Policy

We have purchased three insurance policies for our Keyman, Managing Director, Mr. Nikhil Nanda from Life Insurance Corporation of India. He is insured for a cumulative sum of Rs.25.00 lacs. The term of the said policies is 15 years starting from February 25, 2004. Cumulative Premium of Rs.2.44 lac has been paid till date.

OUR OFFICES AND PRODUCTION FACILITIES

Our registered office is situated at Trilokpur Road, Kala Amb, Nahan, District Sirmour, in the State of Himachal Pradesh

Our Corporate Office is situated at B-1/E-23, Mohan Co-operative Industrial Area, Mathura Road, New-Delhi- 110 044

Our existing production facilities are located at: -

Location	Name of the Unit/Division	Production carried out	Type of	Admeasuring
B-1/E-13, Mohan Co-operative Industrial Area, Mathura Road, New Delhi- 110 044	Sunehari Oral Care	Manufacture of toothpaste, mouth rinse, effervescent tablets, whitening gel	Lease hold basis from Berco Engineering Private Limited	1238 sq. mts
B-1/E-23, Mohan Co-operative Industrial Area, Mathura Road, New Delhi- 110 044	Sunehari Svendgaard Laboratories	Manufacture of tooth brushes, tongue cleaners and packing trays	Lease hold basis from Mr. Nikhil Nanda	1238.05 sq. mts.
SDF No. H-3B, Noida Special Economic Zone (NSEZ), Noida-201 305, Uttar Pradesh	Jai Hanuman Exports	Manufacture and Export of tooth brushes	Tenancy basis from Noida Special Economic Zone	257.71 sq. mts.

3. REGULATIONS AND POLICIES

LICENSING POLICY

Under the New Industrial Policy dated July 24, 1991, all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defence equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking which is exempt from licensing is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

Manufacture of items reserved for the small-scale sector can also be taken up by non- small-scale units, if they apply for and obtain an industrial license.

DRUGS AND COSMETICS ACT, 1940

The Drugs and Cosmetics Act, 1940 regulates the import, manufacture, distribution and sale of drugs in India. The legislation provides the procedures for testing and licensing new drugs. These procedures involve obtaining a series of approvals for the different stages at which the drugs are tested, before the Drug Controller General of India grants the final license to allow the drug to be manufactured and marketed. At the first instance, an application is made to the Drug Controller General of India, an authority established under the Drugs and Cosmetics Act. The Drug Controller General of India issues a no objection certificate after looking into the medical data, the chemical data and the toxicity of the drug. This allows the drug to move on to the next stage of testing at the Central Drug Laboratories. At the Central Drug Laboratories the drug is subjected to a series of tests for its chemical integrity and analytical purity and if it meets the standards required by the authority, the authority issues a certificate in that regard.

DEPB

Under this scheme a Duty Entitlement Pass Book (DEPB) is issued to the eligible exporters by the licensing authorities. Such passbook can be utilized for import of any goods (other than the goods specified in the negative list in the EXIM Policy) free of basic duty of Customs or Additional Duty of Customs subject to duty leviable on goods being debited against credit permitted in the DEPB.

The DEPB rate aims to neutralise the incidence of duty on the inputs 'used in export product.

SEZ

Units undertaking to export their entire production of goods and services may be set up under the Export Oriented Unit (EOU) Scheme, Export Processing Zone (EPZ) Scheme, Electronic Hardware Technology Park (EHTP) Scheme or Software Technology Park (STP) Scheme. Such units may be engaged in manufacture, services, development of software, agriculture, including agro-processing, aquaculture, animal husbandry, bio-technology, floriculture, horticulture, pisciculture, viticulture, poultry and sericulture and may export all products except goods mentioned as prohibited items of exports in ITC (HS) Classifications of Export and Imports items.

An EOU/EPZ/EHTP/STP unit may import free of duty all types of goods, including capital goods as defined in the Policy, required by it for manufacture, services, production, processing, or in connection therewith, provided they are not mentioned as prohibited items of imports in ITC(HS) Classifications of Export and Imports items. SSI registration is not applicable and no industrial license is required to set up unit for SSI reserved items.

CHEMEXCIL

Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council, popularly known as CHEMEXCIL was established in the year 1963 with its headquarters at Mumbai, with the objective of making concerted efforts to promote exports of Basic Organic and Inorganic Chemicals, Dyes, Pesticides, Soaps, Detergents, Cosmetics, Toiletries (which include toothpaste, mouth rinse etc) and other products like Agarbattis, Essential, Castor Oil etc. The wide ranging structural reforms resulting in unwinding the complex knots of controlled economy has enabled the country to integrate with the global economy. This radical shift and change in the mind-set helped CHEMEXCIL to play a committed, complementary and catalyst role in promoting the exports of Chemical groups.

CHEMEXCIL has four separate panels, each panel being specialized unit guiding the export interests of the items covered under its purview:

- 1) Dyes & Dye Intermediates
- 2) Basic Inorganic and Organic Chemicals including Agro Chemicals
- 3) Cosmetics, Toiletries, Essential Oils
- 4) Agarbattis.

THE MEDICINAL AND TOILET PREPARATION (EXCISE DUTIES) ACT, 1955

This Act provides for the levy and collection of duties of excise on medicinal and toilet preparations containing alcohol, opium, Indian hemp or other narcotic drug or narcotic.

‘Toilet preparation’ in accordance with the Act, means any preparation, which is intended for use in the toilet of the human body or in perfuming apparel of any description, or any substance intended to cleanse, improve or alter the complexion, skin, hair or teeth, and includes deodorants and perfumes.

‘Medicinal preparation’ in accordance with the Act, includes all drugs, which are a remedy or "prescription" prepared for internal or external use of human beings or animals and all substances intended to be used for or in the treatment, mitigation or prevention of disease in human beings or animals;

On all dutiable goods manufactured in India, there shall be levied duties of excise, at the rates specified. Dutiable goods means the medicinal and toilet preparations specified in the schedule as being subject to the duties of excise levied under this Act.

Where the dutiable goods are manufactured in bond the duties shall be leviable in the State in which such goods are released from a bonded warehouse for home consumption, whether such State is the State of manufacture or not and where dutiable goods are not manufactured in bond, in the State in which such goods are manufactured.

PLEXCOUNCIL

The Plastics Export Promotion Council (popularly known as PLEXCOUNCIL) sponsored by the Ministry of Commerce & Industry, Department of Commerce, Government of India represents the exporting community of the Indian Plastics industry. The export promotion strategies evolved since 1955, the year when PLEXCOUNCIL was born, have fetched rich dividends, which is exhibited in the form of high export growth rates. From a meagre export turnover of 16.5 million US Dollars worth of exports in 1955-56 the exports from the Indian plastic industry has reached about 620 million US Dollars in 1997-98 and is poised to well exceed the one-billion US Dollar mark in the new millennium.

In its pursuit to achieve export excellence, various export promotional activities are undertaken by PLEXCOUNCIL. These include participation in international trade fairs; sponsoring delegations to target markets; inviting business delegations from the overseas to India; organising buyer-seller meets both in India and the overseas etc and servicing the needs of its members.

SSL and JHE are registered with PLEXCOUNCIL.

HIMACHAL PRADESH INDUSTRIAL POLICY

Government of Himachal Pradesh has formulated Policy to lucidly express the State Government's vision and approach towards industrial sector. This policy intends to specifically announce the State Government strategy to address a wide range of macro policy issues aimed at boosting investment climate in the State by way of creating and upgrading the existing infrastructure, rationalizing the provision of incentives, concessions and facilities as well as streamlining rules / procedures having a direct impact on investment flows to the State. The Policy Statement also intends to focus on specific micro factors affecting the overall investment climate in the State such as technology upgradation, quality improvement and productivity, so that industrial units set up in the State can effectively compete and keep pace with global standards.

Availability of incentives and subsidies are important to encourage investment in the State. There are a number of incentives in the form of subsidies, tariff concessions and deferments provided by State Govt. and Govt. of India.

FEMA

In accordance with the Press Note 4 (2006 Series) all activities/ sectors would require prior Government approval for Foreign equity investment, where more than 24% foreign equity is proposed to be inducted for manufacture of items reserved for the Small Scale sector.

For Special Economic Zones and Free Trade Warehousing Zones covering setting up of these Zones and setting up units in the Zones 100% FDI is allowed through Automatic route Subject to Special Economic Zones Act, 2005 and the Foreign Trade Policy.

DRUGS (PRICES CONTROL) ORDER 1995

The Drugs (Prices Control) Order 1995 or DPCO was promulgated under the Essential Commodities Act, 1955 and is to be read with the Drugs and Cosmetics Act, 1940. The DPCO fixes the ceiling price of some active pharmaceuticals and formulations. The active pharmaceuticals and formulations which fall within the purview of the legislation are called scheduled drugs and scheduled formulations, respectively.

The authority set up under the legislation is the National Pharmaceutical Pricing Authority, or NPPA, is responsible for the collection of data and the study of the pricing structure of active pharmaceuticals and formulations. Upon the recommendation of the NPPA, the Ministry of Chemicals and Fertilizers fixes the ceiling prices of the active pharmaceuticals and formulations and issues notifications on drugs which are scheduled drugs and scheduled formulations.

The NPPA arrives at the recommended prices for the scheduled drugs and formulations after collection and analysis of data on costing which includes data on raw material composition, packing materials, process losses, overhead allocation and apportionment, capacity utilization, technical data on manufacturing work orders and packing work orders.

The government of India has the power under the DPCO to recover the amount charged in excess of the notified price from the company. There are also penal provisions for the violation of any rules and regulations under the Essential Commodities Act. Presently, there are 76 scheduled drugs and formulations under the DPCO.

FEDERAL FOOD AND DRUGS ACT, 1906

This Act is applicable in the territory of United States of America. It provides for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes.

This Act prohibits any person to manufacture within any Territory or the District of Columbia any article of food or drug which is adulterated or misbranded, within the meaning of this Act

Further this Act lays down that introduction into any State or Territory or the District of Columbia from any other State or Territory or the District of Columbia, or from any foreign country, or shipment to any

foreign country of any article of food or drugs which is adulterated or misbranded, within the meaning of this Act, is prohibited.

US FOOD & DRUG ADMINISTRATION, DEPARTMENT OF HEALTH & HUMAN SERVICES

Food & Drug Administration (FDA) is one of oldest consumer protection agencies of USA. FDA promotes and protects the public health by helping safe and effective products reach the market in a timely way. It monitors the products for continued safety after they are in use, and helps the public get the accurate, science-based information needed to improve health.

It is FDA's job to see that the food is safe and wholesome, the cosmetics used won't hurt, the medicines and medical devices used are safe and effective, and that radiation-emitting products such as microwave ovens won't harm. Feed and drugs for pets and farm animals also come under FDA scrutiny. FDA also ensures that all of these products are labelled truthfully with the information that people need to use them properly. FDA monitors cosmetic products to be sure that they are safe and properly labelled. But these products and their ingredients are not reviewed or approved by FDA before they are sold to the public, and FDA cannot require safety testing.

The agency's scientists test samples to see if any substances, such as pesticide residues, are present in unacceptable amounts. If contaminants are identified, FDA takes corrective action. FDA also sets labelling standards to help consumers know what is in the foods they buy.

GOVERNMENT INCENTIVES:

State Government Package:

Interest subsidy to tiny/small units in priority sector, capital investment subsidy for units being set up in the Priority sector, special incentive for fruit, vegetable and maize based and herbal based units i.e. units based on local raw material, GST exemption and CST at concessional rates, procurement of raw materials at 1% GST, allotments of plots and sheds at reasonable prices/rates in industrial areas and estates, Project specific special package etc. are some of the main incentives/subsidies being offered by the State Govt.

Central Government Package of Incentives:

In January 2003 the Govt. of India had announced a special package of incentives to Himachal Pradesh. This includes 100% exemption from payment of Central Excise Duty for 10 years, 100% income tax exemption for 5 years and 25% and 30% exemption for the next block of 5 years (for Individuals and Companies), capital investment subsidy @ 15% of investment in Plant & Machinery subject to a ceiling of Rs. 30 lacs, and, enhancement of funding pattern under centrally sponsored schemes like Deen Dayal Hathkargha Protsahan Yojana and Prime Minister Rojgar Yojana. Apart from these, the Central Transport Subsidy is being provided to industrial units @ 75% of the cost of transportation of their finished goods and for transportation of their raw material from the location of their units anywhere in the State to the nearest, specified broad gauge rail head.

Environmental and Labour Laws and Regulations

The environmental and labour laws and regulations that may be applicable to the Company include the following:

- Contract Labour (Regulation and Abolition) Act, 1970;
- Industries (Development and Regulation) Act, 1951;
- Factories Act, 1948;
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Payment of Gratuity Act, 1972;
- Payment of Bonus Act, 1965;
- Payment of Wages Act, 1936;

- Industrial Disputes Act, 1947 and Industrial Disputes (Central) Rules, 1957;
- Shops and Commercial Establishments Act;
- Environment Protection Act, 1986, and Rules, 1986;
- Water (Prevention and Control of Pollution) Act, 1974, and Rules, 1975;
- Water (Prevention and Control of Pollution) Cess Act, 1977, and Rules, 1978;
- Air (Prevention and Control of Pollution) Act, 1981, and Rules, 1982;
- Trade Union Act, 1926;
- Workmen's Compensation Act, 1922.

4. OUR HISTORY AND CORPORATE STRUCTURE

Our company was incorporated on October 8, 2004 with the main object of manufacturing, exporting Trading, buying and selling of Oral Hygiene products (including tooth brushes & tooth paste) whether raw, semi-finished or finished products and procured certificate of commencement of business on May 6, 2005. We decided to set-up up integrated facility at Kala Amb, District Sirmour in the State of Himachal Pradesh to manufacture Oral Hygiene products.

The history of our Company goes back to the history of three firms namely M/s Sunehari Oral Care & M/s Jai Hanuman Exports of which Mr. Mr.Nikhil Nanda was the proprietor and M/s Sunehari Svendgaard Laboratories of which Ms. Sushma Nanda was the Proprietor. These concerns manufactured oral care products for private label manufacturers of various national and international brands selling those products under their name.

In August, 2005 the subscribers to Memorandum and Articles of Association viz. Mr. Nikhil Nanda and Ms. Sushma Nanda analysing the potential in both Indigenous as well as International oral health care market, and to have synergies of operations decided to consolidate and corporatise the business by taking over the running business of these proprietorship concerns.

Our Company vide agreement dated July 27, 2005 and supplementary agreement dated August 1, 2005 took over the running business of the above three-proprietorship concerns w.e.f. April 1, 2005, by valuing the assets and liabilities at their book values. In lieu of the takeover of these business our Company issued 30 lacs equity shares of Rs. 10 each at par, out of which 1,11,400 equity shares to Ms. Sushma Nanda and 28,88,600 equity shares to Mr. Nikhil Nanda and in addition to this we paid cash, Rs. 20.20 lacs and Rs. 432.95 lacs to the respective parties.

Our Company has recently started manufacturing and supplying whitening products as private label manufacturer including mouth rinse and whitening gel for one of our customers, which have ,been introduced for the first time in the Indian market.

Our Company proposes to set up a integrated manufacturing facility including Anchorfree toothbrush manufacturing facility in Sirmour, Kala Amb, Himachal Pradesh and also proposes to increase the installed production capacities of existing products at NSEZ to cater the needs for indigenous as well as international oral care market and become a one-stop solution for Dental Products.

The brief profile of erstwhile proprietorship concerns, which were taken over by us are as under:

Unit I - Sunehari Svendgaard Laboratories

Sunehari Svendgaard Laboratories was established as partnership concern by Mr. Nikhil Nanda, Ms. Sushma Nanda and their relatives & friends on August 1, 1997. It was constituted to do the manufacturing and trading of toothbrushes, all kinds of household goods plastic goods including additional accessories for toothbrush like tongue cleaner, packing tray, hygiene cap etc. and all other allied goods.

The partnership was terminated on March 31, 2002 by a dissolution deed and on April 1, 2002, SSL was subsequently constituted as proprietorship concern under the control of Ms. Sushma Nanda with the same object and continued its business till July 26, 2005 and was finally taken over by our Company.

Unit II - Sunehari Oral Care

Sunehari Oral Care was established as a proprietorship concern by Mr. Nikhil Nanda on April 8, 2003 with the object of undertaking job work of blister forming, for companies producing toothbrushes and allied products. Subsequently the firm ventured into the business of manufacturing toothpaste, mouth rinse, whitening gel, effervescent tablets and gel toothpaste in finished form ready for sale at the retail level for private label manufacturers. The firm also manufactured and promoted toothpaste in retail category under the brand name of "TAAZGI".

Unit III - Jai Hanuman Exports

Jai Hanuman Exports was set-up as a proprietorship concern in NSEZ Zone, Noida by Mr. Nikhil Nanda in July 2003. The concern has been involved in doing high-end specialty products like manufacturing and trading of toothbrushes with whitening bristles anti bacterial nylon and multi profile cross tech bristles etc. It was awarded as the Top Exporter of Toothbrushes and Dental Plates from India as certified by PLEX Council (sponsored by Ministry of Commerce) in the year 2003-04. On January 27, 2005 the concern was taken over by JHS Svendgaard and continued its operations as one of the manufacturing unit of our Company.

The consolidated financial statement of the erst while proprietary concerns Unit I, Unit II and Unit III is as under:

Rs. in lacs			
For the year ended March 31,	FY 2005	FY 2004	FY 2003
Total Income	2910.75	1810.48	447.60
Total Expenditure	2202.05	1280.27	407.16
Profit before Depreciation and Tax	708.71	530.20	40.45
Profit after Tax	603.56	467.71	4.23
Capital	905.82	401.76	55.19

Achievements

Year	Achievement
2004	JHS Svendgaard Laboratories Limited was incorporated
2004	Unit III-JHE was awarded as the Top Exporter of Toothbrushes and Dental Plates from India as certified by PLEX Council (sponsored by Ministry of Commerce)
2005	Takeover of the three concerns, which are currently the three unit of the Company viz. Unit I- SSL, Unit II - SOC and Unit III - JHE on a going concern basis by valuing the assets and liabilities at their book values
	India's first manufacturer of toothbrush range with Whitening bristles, by releasing CaCo3 + NaF imported from PEDEX Germany
2005	Unit III-JHE became eligible for the Star Export House status and applies for registration as Star Export House.

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum of Association of our Company enables it to undertake the existing activities and the activities for which the funds are being raised, through the present Issue.

Main Objects of the Company

The main objects of our Company as stated in our Memorandum of Association are as under:

1. To carry on business of manufacturer, exporters, importers, traders, buyers, and sellers of Oral Hygiene products (including tooth brushes & tooth paste) whether raw, semi-finished or finished.
2. To manufacture basic drugs, herbal remedies, Ayurvedic medicines/preparations, Medicines of all kinds of chemicals and intermediaries used in manufacture of medicines.

Changes in Memorandum of Association

Date	Authorised Capital (Rs. In Lacs)	Face Value (Rs.)	No. of Shares	Particulars
October 8, 2004	1000.00	10	1,00,00,000	Incorporation
November 30, 2005	1800.00	10	1,80,00,000	Increase

Subsidiaries of the Company

Our Company does not have any subsidiaries

Strategic and Financial Partners

We do not have any strategic or financials partners.

5. OUR MANAGEMENT

Board of Directors

As per the Articles of Association of our Company, we must have a minimum of 3 directors and maximum of 12 directors. At present we have six directors. Mr. Nikhil Nanda, Managing Director and Mr. P.K. Manglik, Whole time Director, manages the day-to-day affairs of our Company under the overall supervision and control of the Board of Directors.

The following table sets forth current details regarding the Board of Directors of our Company as of the date of filing of this Draft Red Herring Prospectus with SEBI:

Name, Age, Father's Name, Address and Occupation	Qualification	Designation	Date of Appointment and Term	Other Directorships
Mr. Daljit Singh Grewal 69 years, S/o Mr. Jwala Singh, House No. 203, Sector 35/A, Chandigarh Business	Fellow Member of Institute of Cost & Works Accountant of India	Chairman	October 8, 2004 Liable to retire by Rotation	Nil
Mr. Nikhil Nanda 33 years, S/o Mr. H. C. Nanda, D-201, Defence Colony, New Delhi – 110024 Business	Post Graduate Diploma in Business Management	Managing Director	October 8, 2004 (Appointed as Managing Director for a period of 5 years w.e.f. April 19, 2005)	Nil
Mr. Puneet Kumar Manglik 52 years, S/o Mr. V. M. Manglik, Villa 52, FF, Block –III, Charmwood Village, Eros Garden, Faridabad - 121009 Business	MBA (USA), MIMA	Wholetime Director	September 15, 2005 (Appointed as Wholetime Director for a period of 5 years w.e.f. December 1, 2005)	Nil
Mr. Naveen Breja 39 years, S/o Mr. Dina Nath Breja, B-1/A-27, Mohan Co. Op Industrial Area, Mathura Road, New Delhi - 44	B.A.	Director	September 15, 2005 Liable to retire by Rotation	- Fytronics (India) Pvt. Ltd. - Neeta Marketing Services Pvt. Ltd.

Comment: E

Business				
Mr. J. K. Rao 60 years, S/o J. Ganesh Rao 301, Ushakiran Apts, Haudin Road, Bangalore – 560042 Retd. IRS	M. Sc., Masters in Fiscal Studies (U.K)	Additional Director to hold office upto the next AGM	January 1, 2006 Liable to retire by Rotation	Nil
Mr. Mukul Pathak 39 years, S/o Harish Chandra Pathak, G – 12, Sarita Vihar, New Delhi - 110044 Profession	Masters in Psychology	Additional Director to hold office upto the next AGM	January 1, 2006 Liable to retire by Rotation	DNR Industries Pvt. Limited

Brief details of the Directors

Mr. D. S. Grewal, Chairman, 69 years, 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 36 years to his credit and exposure in varied industries from Chemical/ Fertilizers to Coal Mining, Ship Building, and Power Transmission etc. He has served illustrious organizations such as ICI group, Hindustan Shipyard in the capacities of Director Finance & Administration and Acting Chairman & Managing Director, Coal India Limited in the capacity of Director Finance – Advisor and was the CEO of Mukut Pipes Ltd. in the year 1995. He was the Ex - Chairman of the Punjab Chapter of the Institute of Cost and Works Accountants of India, President of All India Management Association (AIMA), Visakhapatnam and has been an active member of Haryana Chamber of Commerce and Industry, Punjab and Confederation of Indian Industries (CII), Punjab.

He has to his credit rehabilitating a sick unit viz. Punjab Anand Batteries Ltd. to a profit making Company and was honoured by National Savings Central Advisory, Ministry of Finance, GoI, for the meritorious work rendered by him for the intensification of the Payroll Savings Scheme in Indian Explosives Ltd. and as a result it was declared as a Bachat Factory in the year 1967. As Chairman, he provides strategic direction to the Company and lends a hand in the areas of financial consultancy, taxation, valuation, property matters, accounting, company law etc.

Mr. Nikhil Nanda, Managing Director - For more details please refer to section titled “Our Promoter” on page 74 of the Draft Red Herring Prospectus.

Mr. P. K. Manglik, Whole Time Director, 52 years, holds a degree in Masters of Business Administration - Production from Newport University and is a Bachelor in Science with over 20 years 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 further 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.

Mr. Naveen Breja, Director, 39 years, having an experience of over 16 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. He has managerial capability in the field of plastic industry and setting up the operations right from scratch to the final installation and operation and shall be instrumental in the startup and setting of the proposed Kala Amb unit, its injection moulding unit including brush making.

Mr. J. K. Rao, Independent director, aged 60 years, is a retired IRS officer (1970 Batch). He holds a Master's Degree in Science and a Master's Degree in Fiscal Studies from University of Bath, U.K. He has had a successful tenure as the Director General Investigation of the Income Tax department of the state of Karnataka and Goa in the year 2003-04. He has 35 years of experience in Indian Revenue Services in various capacities till last held the office of Chief Commissioner of Income Tax, Bangalore, in charge of Karnataka & Goa states, on December 31, 2005. He also worked as Under Secretary to GoI in the Ministry of Atomic Energy in the year 1980.

Mr. Mukul Pathak, Independent director, aged 39 years, is a Masters in Psychology from Anna Malai University. He has over 15 years of experience in the field of education to his credit. He started his career from Vajiram & Ravi, an esteemed institution renowned in the field of imparting education for the preparation of Civil Services Examination and currently working with the same institution.

Borrowing powers of the Directors

The Directors of the Company have, at the extraordinary general meeting of the shareholders held on April 19, 2005, been empowered to borrow for and on behalf of the Company, pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 and article 63 & 64 of the Article of Association of the Company, from time to time, as may be considered, necessary sum or sums of money in any manner, and without prejudice to the generality thereof, by way of loans, advances, credits or otherwise in Indian currency from banks or financial institutions, other persons and whether the same be secured or unsecured and if secured, whether by way of mortgage, charge, hypothecation, pledge, or otherwise in any way whatsoever, on over or in respect of all or any of the Company's assets and effects and properties including uncalled capital, stock in trade notwithstanding that the monies so borrowed by the Company (apart from temporary loans and credits obtained from company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves i.e. reserves not set apart for any specific purpose, provided that the total amount so borrowed by the board and outstanding at any time shall not exceed Rs. 5000 Lacs.

Details of Compensation payable to Managing Director and Whole-time Director

Mr. Nikhil Nanda, Managing Director

Nikhil Nanda has been appointed as the Managing Director of our Company pursuant to the special resolution passed at the Extra Ordinary General Meeting held on April 19, 2005 for a period of 5 years with effect from April 19, 2005 to April 18, 2010. The remuneration payable to him was ratified and confirmed in the meeting of the Remuneration Committee held on August 12, 2005 under the following terms and conditions:

- A. Basic Salary: Rs. 1,00,000/- per month aggregating to Rs. 12,00,000/- per annum.
- B. Perquisite: The Managing Director shall be entitled to the following perquisite as under, subject to the overall ceiling of Rs. 50,000/- per month aggregating to Rs. 6,00,000/- per annum.
 1. Medical reimbursement: Reimbursement of all medical charges incurred in India and outside for Mr. Nikhil Nanda and family.
 2. Car with driver and telephone facility: The Company shall provide car with driver and telephone facility at the residence of Mr. Nikhil Nanda. Provisions of car with driver for use of company's business and telephone facility at the residence will not be considered as perquisite. Personal long

distance calls on telephone and use of car for private purpose shall be billed by the Company on Mr. Nikhil Nanda.

3. Club Fees: Fees of clubs, subject to a maximum of two clubs. This will not include admission and life membership fees.

Puneet Kumar Manglik, Whole Time Director

Puneet Kumar Manglik has been appointed Whole Time Director of our Company pursuant to the special resolution passed at the Extra Ordinary General Meeting held on December 1, 2005, for a period of 5 years with effect from December 1, 2005 to November 30, 2010 and will be entitled to a Basic Salary of Rs. 40,000 per month. The remuneration payable to him was ratified and confirmed in the meeting of the Remuneration Committee held on January 2, 2006.

All the directors of our Company are Non-Executive Directors except Mr. Nikhil Nanda and Mr. Puneet Kumar Manglik and we are not paying any compensation to other directors except fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses payable to them under the Articles of Association of our Company.

CORPORATE GOVERNANCE

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of its Equity Shares on the Stock Exchanges. We have complied with provisions of clause 49 of the listing agreement in respect to the appointment of Independent Directors to our Board and the constitution of the Investor Grievances Committee. We undertake to adopt the Corporate Governance Code in accordance with Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to obtaining the listing approval of the Stock Exchanges.

Audit Committee

The Audit Committee was constituted by the Directors vide their Board meeting held on August 1, 2005. The purpose of the audit committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters. The audit committee consists of Mr. J.K. Rao (Chairman), Mr. Nikhil Nanda and Mr. Mukul Pathak.

Role of Audit Committee:

- 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.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee has a right to review its terms of reference and recommend any necessary changes to the Board annually.

Remuneration Committee

The Remuneration Committee was constituted by our Directors vide their Board meeting held on August 1, 2005. The committee's goal is to ensure that the Company attracts and retains highly qualified employees in accordance with its business plans, that our Company fulfils its ethical and legal responsibilities to its employees, and that management compensation is appropriate. The Remuneration Committee consists of D. S. Grewal (Chairman), Naveen Breja and J.K. Rao

The Remuneration Committee has been constituted to look after the following issues:

- To determine the remuneration, review performance and decide on QPIC and variable pay of executive directors.
- To determine the number of stock options to be granted under the Company's Employees Stock Option Schemes and administration of the stock option plan.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Compensation Committee.
- Establishment and administration of employee compensation and benefit plans.

Share Transfer Committee

The Share Transfers Committee was constituted by the Directors vide their Board meeting held on November 25, 2005. This Committee is responsible for the smooth functioning of the share transfer process as well as redressal of shareholder grievance. The Share Transfer Committee consists of Naveen Breja (Chairman) and D. S. Grewal.

The Share Transfer Committee has been constituted to look after the following issues:

- Timely transfer of shares.
- Transmission of shares in case of death of shareholder(s).
- Issue of duplicate share certificates in case of lost/misplaced ones.
- Timely redressal of complaints pertaining to the non-receipt of dividends.
- Any other related issue as may be deemed necessary.

Shareholding of the Directors

None of our directors hold any Equity Shares of our Company, except Nikhil Nanda, D.S. Grewal, and Naveen Breja, the details of which are as under:

Sr. No.	Name of the Director	No of Equity Shares held	% age of holding
1.	Mr. Nikhil Nanda	56,16,075	96.82
2.	Mr. Naveen Breja	1,500	0.03
3.	Mr. D. S. Grewal	1,500	0.03

Interest of the Directors

All the directors of our Company may deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of traveling and other incidental expenses, if any, for such attendance payable to them under our Articles of Association. Mr. Nikhil Nanda (Managing Director) and Mr. Puneet Kumar Manglik (Whole-time Director) are interested to the extent of the remuneration paid to them, for services rendered by them as executives of our Company.

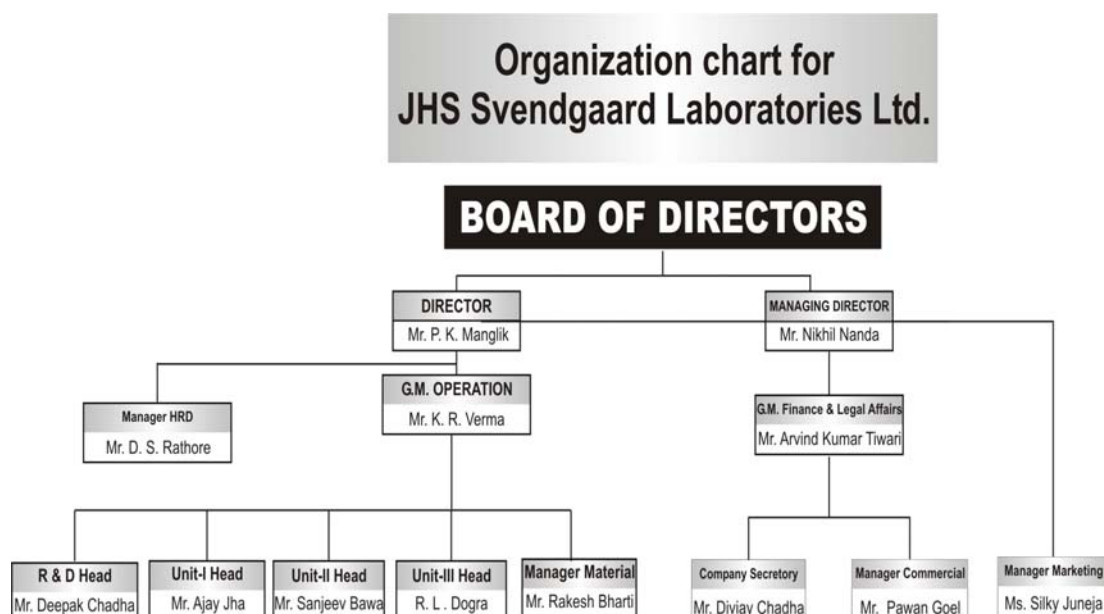
Mr. D.S. Grewal (Non Executive Chairman), is the father-in-law of our Promoter Mr. Nikhil Nanda. Mr. D.S.Grewal (Non-Executive Chairman), Mr. Nikhil Nanda (Managing Director) and Mr. Naveen Breja (Director), may be interested in the Equity Shares already held by them, as stated in the section titled "Capital Structure" on the page no. 11 of this Draft Red Herring Prospectus.

There are no sums paid or an agreement to pay any sum to the Director or promoter or to company in cash or shares or otherwise by any person either to induce him to become or qualify him as a Director or otherwise for services rendered by him or by the Company, in connection with the promotion or formation of the Company.

Changes in the Directors

Name of the Director	Date of Appointment	Date of Cessation	Reason
Mrs. Sushma Nanda	October 8, 2004	September 22, 2005	Resignation
Mr. Sohan Lal Sharma	October 8, 2004	September 22, 2005	Resignation
Mr. P. K. Manglik	September 15, 2005	Not Applicable	Appointment
Mr. Naveen Breja	September 15, 2005	Not Applicable	Appointment
Mr. J. K. Rao	January 1, 2006	Not Applicable	Appointment
Mr. Mukul Pathak	January 1, 2006	Not Applicable	Appointment

ORGANISATION STRUCTURE



Key Management Personnel

Sr. No	Name of the employee	Age (years)	Qualification	Exp (in years)	Date of Joining	Designation /Responsibilities	Previous Employment
1.	Mr. K. R. Verma	40	Diploma in Mechanical Engineering	21	March 20, 2000	General Manager - Operations	FIEM Industries Limited, Sonipat
2.	Mr. Arvind Kumar Tiwari	33	Company Secretary, L.L.B	7	January 7, 2006	General Manager - Finance & Legal Affairs	Lakshmi Float Glass Limited, Delhi
3.	Mr. D. S. Rathore	30	Masters in Personnel Management	7	January 2, 2006	Manager - HR and Administration	Solar Print Process Limited, Delhi
4.	Mr. Sanjeev Bawa	43	B.Sc.	22	January 1, 2005	Manager - Production	Wisdom Pharma Private Limited, Delhi
5.	Mr. Diviy Chadha	25	Associate member of the Institute of Company Secretaries of India	2	December 23, 2005	Company Secretary	Hero Management service Limited, Delhi
6.	Mr. Rakesh Bharti	39	B.Sc, Post Graduate Diploma in Material Management	18	July 9, 2005	Manager - Store & Material	We Care Laboratories Limited, Noida
7.	Mr. Deepak	39	B.Sc	10	January 1,	Manager -	Adelco

	Chadha				2005	Research & Development	Pharmaceuticals Private Limited, Delhi
8.	Mr. Ajay Jha	33	B.Sc, PGD-PPT	10	September 26, 2005	Asst. Manager Prod.(Moulding)	Yeekay Technocraft Pvt.Ltd, Faridabad
9.	Mr. R.L. Dogra	41	Diploma in Mech. & Eng.	20	January 1, 2004	Manager Production	Unitech Polymer
10.	Mr. Pawan Goel	40	B.SC	14	September 01, 2003	Commercial Manager	Bhartiya Vehicles & Engineering Co. Ltd,
11.	Ms. Silky Juneja	24	B.A.	4	August 25, 2003	Manager - Marketing	Digital prints & Impressions Private Limited, Delhi

Brief details of the Key Managerial Personnel

1. **Mr. K. R. Verma**, aged 40 years, is the General Manager - Operations of the Production department in JHS. He has been working with our Company since incorporation. He holds a Diploma in Mechanical Engineering and has a work experience of 21 years. He is responsible for the entire manufacturing operations of the three manufacturing units of JHS. Prior to his employment in JHS, he has worked as the Deputy General Manager of plastic division in FIEM Industries Limited, Sonipat. In Fiscal 2005, his total remuneration was Rs 3.6 lacs per annum
2. **Mr. Arvind Tiwari**, aged 33 years, is the General Manager – Finance & Legal Affairs at JHS. He is an Associate Member of the Institute of the Company Secretaries of India and Law Graduate from Allahabad University, with an exposure to various secretarial, legal as well as administrative functions of the organization. He has over 7 years of work experience and is responsible for administering the legal affairs of our Company. He was previously employed with Lakshmi Float Glass Limited as a Company Secretary and joined JHS in January 2006. He is drawing a compensation of Rs. 2.40 lacs per annum.
3. **Mr. D. S. Rathore**, aged 30 years, is the Manager – Human Resources and Administration, having a professional expertise in HR Planning, Manual & Policy Designing, HR Training, Performance Management and Recruitment Budgeting & Designing. He holds a Masters Degree in Personnel Management, as well as a Diploma in Business Management, both from Pune University. He joined JHS in January 2006 and was previously employed with Solar Print Process Limited, Delhi. He has over the experience of 7 years. He is drawing a compensation of Rs. 3.00 lacs per annum.
4. **Mr. Sanjeev Bawa**, aged 43 years, is a Manager -Production of Unit II – SOC. He is a Bachelor of Science and has 22 years of work experience. He has his expertise in Pharma & its formations & handling compliances as per FDA requirement. He has joined our Company in January 2005. He is a production chemist and is responsible for entire mouthwash & toothpaste production and controlling. Prior to this, he has worked in Wisdom Pharma Private Limited as Manager Outsourcing. He is drawing a compensation of Rs. 1.68 lacs per annum.
5. **Mr. Diviy Chadha**, aged 25 years, is the Company Secretary of JHS. He is an associate member of the Institute of Company Secretaries of India. He is accountable for compliances of corporate laws in our Company. He joined JHS in December 2005 and was previously employed in Hero Management Services Limited as Asst. Company Secretary. He is drawing a compensation of Rs. 1.80 lacs per annum
6. **Mr. Rakesh Bharti**, aged 39 years, is the Manager - Material in JHS. He is a Bachelor of Science with a Post Graduate Diploma in Material Management. He is having his expertise in Inventory Control & Material Handling. He has joined JHS in July 2005 and is responsible for the management of stores

and materials of all the three manufacturing units of JHS Svendgaard. He was previously employed in We Care Laboratories Limited as Material Manager. In Fiscal 2005, his total remuneration was Rs 0.72 lacs.

7. **Mr. Deepak Chadha**, aged 39 years, is the Manager - Research and Development at JHS. He has his expertise in Pharma & its formations & handling compliances as per FDA requirement. He is a Bachelor of Science and has over 10 years of work experience and. He is responsible for Research and Development of Dental & Mouth Care developments. He joined JHS in January 2005 and was previously employed in Adelco Pharmaceuticals Private Limited. In Fiscal 2005, his total remuneration was Rs 1.92 lacs p.a.
8. **Mr. R.L. Dogra**, aged 41 years, is the manager production at JHS. He holds about 20 years experience. He has his expertise in production planning, vendor development, & target setting. He is a diploma in mech. Engg. & Joined the company in Jan 2004. He was previously employed with Unitech polymer, New Delhi as a production manager. In the fiscal 2005 his emoluments was Rs 1.02 Lacs p.a.
9. **Mr. Ajay Kumar Jha**, aged 33 years, is the Asst. Manager –production (Moulding) at JHS. He holds about 10 years experience in the same line & his core expertise is in Moulding based production handling. He is a B.Sc (Hons) & Post Graduate Diploma in Plastic Processing Technology & joined the company in 26.9.2005. He is responsible for production of Moulding based brushes . He was previously employed with Yeekay Technocraft Pvt. Ltd., Faridabad as a production manager. In fiscal 2005, his total emoluments was Rs 0.42 lacs (for three Month in 2005).
10. **Mr. Pawan Goel**, aged 40 years, is the Manager commercial at JHS. He holds about 14 years experience in the same line. He is a B.Sc graduate and our Unit Sunehari Svendgaard Laboratories on September 2003. His core expertise is in liasioning with government authorities, licensing, handling commercial aspects of the organization. In fiscal 2005, his total emoluments was Rs. 1.20 lacs p.a.
11. **Ms. Silky Juneja**, aged 24 years, is the Manager - Marketing in JHS. She is a Bachelor of Arts from the Delhi University and has 4 years of work experience. She joined JHS in August 2003 and is incharge of the overall Business Development of our Company. Previously, she was employed with Digital Prints & Impressions Private Ltd. as a senior guest relation officer. In Fiscal 2005, her total remuneration was Rs 1.8 lacs p.a.

All the key management personnel are permanent employees of our Company. None of the aforementioned key managerial personnel are related to the promoter of our Company.

Changes in Key Managerial Personnel

Following have been the changes in the key managerial personnel since the inception of our Company:

Sr. No.	Name of Key managerial person	Date of appointment	Designation	Date of Cessation	Reason
1.	Mr. K. R. Verma	March 20, 2002	General Manager - Operations	Not Applicable	Transferred from M/s Sunehari Svendgaard Laboratories to JHS
2.	Mr. D. S. Rathore	January 2, 2006	Manager – HR / Admin	Not Applicable	Appointment
3.	Mr. Sanjeev Bawa	January 1, 2005	Manager Production (Chemist)	Not Applicable	Appointment
4.	Mr. Rakesh Bharti	July 9, 2005	Materials Manager	Not Applicable	Appointment
5.	Mr. Arvind Tiwari	January 7, 2006	General Manager – Finance & Legal Affairs	Not Applicable	Appointment
6.	Ms. Silky Juneja	August 25, 2003	Manager Marketing	Not Applicable	Transferred from M/s SSL to JHS
7.	Mr. Diviy Chadha	December 23, 2005	Company Secretary	Not Applicable	Appointment
8.	Mr. Ajay Tripathi	April 21, 2004	Asst. Manager – Accounts	Not Applicable	Transferred from M/s SSL to JHS
9.	Mr. Deepak Chadha	January 1, 2005	Manager - R & D	Not Applicable	Transfer from SOC

Shareholding of the Key Managerial personnel

None of our Key Managerial Personnel hold any Equity Shares in our Company.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Bonus or Profit Sharing Plan for the Key Managerial Personnel of our Company.

Employee Stock Option Scheme

Our Company does not have any Employee Stock Option Scheme.

Payment or benefit to officers of our Company

Except as stated otherwise in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees, since inception of our Company.

6. OUR PROMOTER



Mr. Nikhil Nanda, Managing Director, 33 years, is a first generation entrepreneur with over 11 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.

As the managing director of the Company he has been instrumental in the development 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. His achievement includes exploring international markets for the Company's growth and is lead source of product development.

Personal details are as under:

Voter ID No.	Nil
Driving License No.	97020890
Permanent Account Number	AACPN9260H
Passport Number	Z-051658
Bank Account Number	5-718212-229

We confirm that the Permanent Account Number, passport Number and Bank account Number of Mr. Nikhil Nanda have been submitted to BSE and NSE at the time of filing this Draft Red herring Prospectus with them.

Common Pursuits and Interest of the Promoter

Except as stated in the Related Party Transactions on page no. 77 of this Draft Red Herring Prospectus, to the extent of reimbursement of expenses incurred or normal remuneration or benefits and shareholding in our Company as stated in the section titled "Capital Structure" on page 11 of the Draft Red Herring Prospectus, our Promoter has no interest in the business of our Company. Our promoter may also be deemed to be interested to the extent of Equity Shares that may be subscribed for and allotted to him, out of the present Issue in the category of firm allotment to promoter, in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to him and other distributions in respect of the said Equity Shares.

Our Promoter has no interest in any property in which our Company has an interest since its inception, of the date of filing of this Draft Red Herring Prospectus, except the following:

Promoter	Property Details	Mode of Interest
Nikhil Nanda	Unit I –SSL - B-1/E-23, Mohan Co-operative Industrial Area, Mathura Road, New Delhi- 110 044 admeasuring 1238.05 square metres	Given lease to the Company for a period of 2 year years commencing from October 1, 2005

Payment or benefit to Promoter

There is no payment or benefit to be given to the promoter of our Company other than being a shareholder or remuneration as a Director of our Company.

Companies from which Promoter has disassociated during preceding three years

Promoter	Name of the Company	Particulars of Disassociation	Reason of disassociation
Mr. Nikhil Nanda	Whitening Expression Laboratories (Pvt.) Ltd.	On September 6, 2005, our promoter disassociated as a director and shareholder from Whitening Expression (P) Ltd. and sold his entire shareholding of consisting of 5000 equity shares of Rs. 10 each comprising of 50% overall shareholding in the Company to one Mr. Ujjwal Anand	To avoid conflict of the interest with respect to business strategies of our Company with Expression Laboratories (Pvt.) Ltd as both are in the similar line of business.
	Nikiven Personal Care (Pvt.) Ltd.	On February 25, 2005, our promoter disassociated as a director and shareholder from Nikiven Personal Care (P) Ltd. and sold his entire shareholding of consisting of 9200 equity shares of Rs. 10 each comprising of 50% overall shareholding in the Company to one Mr. Chhabilal Prasad	Preoccupation

Related Party Transactions

For details please refer to section titled “Financial Information” beginning on page no. 79 of this Draft Red Herring Prospectus.

7. OUR GROUP COMPANIES

There are no companies, which can be classified as our Group Companies.

8. RELATED PARTY TRANSACTIONS

For related party transactions, please refer to paragraph titled 'Related Party Transactions' under the section titled 'Financial Information' on page no. 98 of this Draft Red Herring Prospectus.

9. DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders. However, the declaration of dividend may require prior approval of some of our lenders as per the terms of the loan agreements executed with them. Declaration of dividend will also depend on a number of factors, including but not limited to our Company's earnings, capital requirements and overall financial condition. Our Company has no stated dividend policy. In order to conserve funds, we have neither declared nor paid any equity dividend in the last five years.

SECTION V

1. FINANCIAL INFORMATION

AUDITORS' REPORT

The Board of Directors

J H S Svendgaard Laboratories Limited

Trilokpur Road. Kheri (Kala-Amb)

Tehsil Nahan, Distt. Sirmour (HP) – 173020

Dear Sirs,

- A.
- a) We have examined the annexed financial information of J H S SVENDGAARD LABORATORIES LIMITED ('the Company'), for the year ended March 31, 2005 and nine months period ended 31st December, 2005 being the last date to which the financial statements of the Company have been made up and audited by us. The financial statements for the period ended December 31, 2005 are approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with Public Issue of Equity Shares of the company (referred to as "the issue").
 - b) The said financial statements have been prepared in accordance with the requirements of
 - i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ("the Act");
 - ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the Guidelines") issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuant to Section 11 of the Securities and Exchange Board of India Act 1992 and related amendments and
 - iii) Our terms of reference with the company dated 14 January 2006 requesting us to carry out in connection with the Offer Document as aforesaid,

We report that:

- (a) The restated assets and liabilities of the Company as at 31 December 2005, are as set out in **Annexure "I"** to this report. The restated assets and liabilities have been arrived at after making such regroupings as in our opinion are appropriate.
 - (b) The restated profits and losses of the Company for the nine months period ended 31st December 2005 are as set out in **Annexure "II"** to this report. The restated profits and losses have been arrived at after making such regroupings as in our opinion are appropriate and our subject to the significant accounting policies and notes to accounts attached in **Annexure – "III"** to this report.
 - (c) The Company has not declared any dividend on equity shares for the period of nine months ended 31st December 2005.
- B.
- We have examined the following financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Offer Document:
 - i. Statement of Cash Flow : (**Annexure – "IV"**)
 - ii. Statement of Sundry Debtors : (**Annexure – "V"**)
 - iii. Statement of Loans and Advances : (**Annexure- "VI"**)
 - iv. Statement of Secured Loans : (**Annexure- "VII"**)
 - v. Statement of Unsecured Loans : (**Annexure- "VIII"**)
 - vi. Statement of Operational Income : (**Annexure – "IX"**)
 - vii. Statement of Other Income : (**Annexure- "X"**)

- viii. Statement of Contingent Liabilities: **(Annexure – “XI”)**
- ix. Statement of Accounting Ratio : **(Annexure-“XII”)**
- x. Statement of Capitalisation: **(Annexure-“XIII”)**
- xi. Statement of Tax Shelter : **(Annexure-“XIV”)**
- xii. Statement of Related Party Transactions : **(Annexure – “XV”)**
- xiii. Statement of Reserve and Surplus : **(Annexure – “XVI”)**

C. a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure III to this report, after making adjustments/restatements and regrouping as considered appropriate and subject to certain matters as stated in Notes to Accounts, has been prepared in accordance with Part II of the Schedule II of the Act and SEBI Guidelines.

b) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Issue of the Company and for submission to the ROC and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

For **Haribhakti & Co.**
Chartered Accountants,

(Sd/-)
Chetan Desai
Partner
Membership No.: 17000

Place: Mumbai
Date: February 28, 2006

Annexure - I		
Statement of Restated Assets and Liabilities		
		(Figures in Rs. Lacs)
Particulars	As at December 31, 2005	As at March 31, 2005
Fixed Assets (A)		
Gross Block	503.15	-
Less: Accumulated Depreciation	30.69	
Net Block	472.45	-
Capital Work in Progress	9.74	-
Total (A)	482.19	-
Investments (B)	0.00	-
Current Assets, Loans and		
Advances (C)		
Inventories	889.88	-
Sundry Debtors	833.28	-
Cash and Bank Balances	52.71	-
Other Current Assets	31.45	-
Loans and Advances	331.00	82.56
Total (C)	2138.32	82.56
Liabilities and Provisions (D)		
Secured Loans	485.60	-
Unsecured Loans	655.00	-
Deferred Tax Liability (Net)	3.51	-
Current Liabilities and Provisions	881.29	0.68
Total (D)	2025.39	0.68
Total (A+B+C-D) = (E)	595.13	81.88
Less : Share Application Money (F)	23.76	84.98
Net Worth (E-F)	571.37	(3.10)
Represented by		
1. Share Capital	305.10	5.10
2. Reserves	266.27	0.00
Total	571.37	5.10
Less: Miscellaneous Expenditure not written off	0.00	8.20
Net Worth	571.37	(3.10)

Annexure - II		
Statement of Restated Profits and Losses		
		(Figures in Rs. Lacs)
Particulars	For the nine months period ended December 31, 2005	For the period October 8, 2004 to March 31, 2005
Income		
Operational Income	2302.79	-
Other Income	14.63	-
Increase/(Decrease) in Inventories	596.61	-
Total (A)	2914.03	-
Expenditure		
Cost of Raw Material/ Good Sold	2066.69	-
Manufacturing Expenses	113.58	-
Excise Duty	87.09	-
Employees' Emoluments	71.26	-
Administrative and Other Expenses	79.39	-
Interest & Financial charges	50.60	-
Selling & Distribution Expenses	110.36	-
Miscellaneous Expenditure written off	6.32	-
Total (B)	2585.31	-
Profit before Depreciation, Tax and	328.72	-
Extraordinary items		
Depreciation	30.69	
Profit before Tax	298.03	-
Provision for Taxation		
- Current Tax	25.91	-
- Less/(Add) Deferred Tax	3.51	-
- Fringe Benefit Tax	2.24	-
- Wealth Tax	0.10	-
Profit after Tax as per Audited	266.27	-
Financial Statements		
- Less/(Add) Previous Year Taxes	0.00	-
Profit available for appropriations	266.27	-
Add: Balance brought from previous year	0.00	-
Less: Transferred to General Reserve	200.00	-
Balance carried forward to Balance Sheet	66.27	-

Annexure - 3

Significant Accounting Policies and notes to Accounts

1. Basis of Accounting

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

2. Fixed assets and depreciation

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

Depreciation on fixed assets is provided on Straight Line Method at the rate and in the manner Prescribed in Schedule XIV to the Companies Act, 1956 except that moulds and dies have been depreciated at 33.33% P.A based on the expected useful life thereof.

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

3. Inventories

Raw material, packing material, stores, and spares are valued at cost. Finished goods and work in progress are valued at lower of cost and net realisable value. Cost is ascertained on FIFO basis and in case of finished products and work in progress includes appropriate production overheads.

4. Revenue recognition

Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the customer, which is generally on dispatch of goods from factory.

5. 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 realisation is certain.

6. Foreign currency transactions

Transactions in foreign currencies are translated at the exchange rates prevailing on the dates of the transaction. Monetary foreign currency assets and liabilities are translated at the period end exchange rate, as applicable. Resultant gains or losses are recognised in the profit and loss account.

7. Retirement benefits

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

8. Accounting for taxes on income

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

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

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

9. Share issue expenses

Share issue expenses are adjusted against the securities premium on issue of shares in accordance with section 78 of the Companies Act 1956.

10. Impairment of Assets

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

11. Borrowing Cost

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

Notes to Accounts

1. The Company has taken over three existing proprietorship firms namely, Jai Hanuman Exports, Sunehari Svendgaard Laboratories & Sunehari Oral Care, manufacturing Oral Care products w.e.f 01.04.2005. As a result, the company has taken over the entire business and all assets and Liabilities of all three units. The company has issued equity Shares amounting to Rs. 300 Lacs to the proprietors of the firms and the difference between the value of the net assets taken over and the paid up value of shares of the company, aggregating to Rs. 453.16 Lacs has been accounted as interest free Unsecured Loan.
2. **Contingent liabilities Amount in Rupees Particulars As at December 31, 2005**
 - a) Guarantees given by banks Rs. 18.00 Lacs
 - b) Outstanding letter of credit Rs. 80.49 Lacs
 - c) Bills discounted with banks Rs. 249.96 Lacs
3. Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) Rs.44.54 Lacs to be fulfilled before March 2006.
4. In the opinion of the Board, current assets, loans and advances have a value of at least equal to the amounts shown in the balance sheet, if realized in the ordinary course of the business. The provision for all the known liabilities including depreciation is adequate and not in excess of the amount reasonably necessary.
5. Debtor's and Creditor's balances are subject to confirmation.
6. Segment Reporting

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

(Rs. In Lacs)

	<u>Exports</u>	<u>Domestic</u>
Sales	1283.31	1019.48
Assets	627.49	1993.03

The Liabilities of the company and other Income and Expenditure of the company are not identifiable to any particular segment.

7. Earnings per share

(Rs. in Lacs)

Particulars	Current Period
Net profit for the period as per profit and loss accounts considered as numerator for calculating earnings per share	266.27
Weighted average number of equity shares	17,20,091
Nominal value per share	10
Earnings per share Basic and diluted	15.48

8. Earnings in foreign exchange

(Rs. In Lacs)

Particulars	Current Period
FOB value of exports	1210.30
Freight and Insurance	73.01
Total	1283.31

Previous Year: Nil

9. CIF Value of Imports

(Rs. In Lacs)

Particulars	Current Period (Rs.)	Previous Period (Rs.)
Raw material	551.62	Nil
Finished Goods	57.20	Nil

10. (A) Details of remuneration to Managing Directors is as under:

(Rs. In Lacs)

Particulars	Current Period (Rs.)	Previous Period (Rs.)
Salary	8.40	NIL
Perquisites	NIL	NIL
Total (Rs.)	8.40	NIL

(B) Remuneration to Directors is as under:

(Rs. In Lacs)

Particulars	Current Period (Rs.)	Previous Period (Rs.)
Salary	0.40	NIL
Perquisites	NIL	NIL
Total (Rs.)	0.40	NIL

(C) Sitting fee paid to Director is of Rs 0.28 Lacs(Previous period Nil).

11. Expenditure in foreign currency on traveling Rs 3.12 Lacs (Previous period Nil).

12. **Licensed and installed capacities and production**

Particulars	Unit	<u>Current Period</u>	<u>Previous Period</u>
Licensed capacity (Oral Care Products)	Pcs	Not Applicable	Not applicable
Installed capacity * (Oral Care Products)	Pcs	5,50,00,000	Nil
Production capacity (Oral Care Products)	Pcs	4,91,97,875	Not Applicable

* As certified by the management this being technical matter.

13. **Stock of finished goods**

(Rs. In Lacs)

Products	<u>Current period</u>		<u>Previous Year</u>	
	<u>Quantity</u>	<u>Amount</u>	<u>Quantity</u>	<u>Amount</u>
Oral Care Products	3009561	132.22	Nil	Nil

14. **Raw Material consumed**

Particulars	Quantity	Amount
Nylon Bristles	41578.29 Kg	295.71
Plastic Granules	1148373 Kg	607.09
Glycerin	80487 Kg	34.01
Sorbitol	124419 Kg	21.90
Packing Material/Others		502.49
	TOTAL	1461.20

15. **Deferred taxes**

The deferred tax assets/(liabilities) arising out of timing differences comprise of the following major Components

(Rs. In Lacs)

Particulars	As at December 31,2005
<i>Difference between book and tax depreciation on base of fixed assets</i>	<i>(6.45)</i>
Provision for doubtful debt full debt and preliminary exp.	2.95
Net Liability	(3.50)

16. Auditors remuneration includes:

(Rs. In Lacs)	
Particulars	Current Period
Statutory Audit fees	3.25
Tax Audit fees	0.60
Total	3.85

17. The company is in process of identifying the SSI units.
18. Previous period figures have been regrouped and rearranged wherever necessary to make them comparable with those in the current period.
19. These account have been prepared for nine months i.e. 1st April 2005 to 31st December 2005 previous period figure are for the period from the date of incorporation i.e. 8th October 2004 to 31st March 2005.

Annexure - IV

Statement of Cash Flow

Particulars	As at December 31, 2005	As at March 31, 2005
<i>CASH FLOW FROM OPERATING ACTIVITIES</i>		
Net Profit, as restated before Tax	298.03	-
<i>Adjusted for :</i>		
Depreciation	30.69	-
Interest, Dividend and Miscellaneous Income	(0.97)	-
Interest and financial Charges	50.60	-
Operating Profit before Working Capital Changes	378.35	-
<i>Adjusted for:</i>		
(Increase) in Inventories	(596.61)	-
Decrease in Debtors	499.26	-
(Increase) in Loan & Advances	(95.29)	-
Decrease in other current assets	37.88	-
Increase in Current liabilities and provisions	107.72	-
Decrease/(Increase) in Miscellaneous Expenditure written off	8.20	(5.10)
Cash generated from Operations	339.52	(5.10)
Income Taxes Paid	0.00	-
Net Cash used in Operating Activities	339.52	(5.10)
<i>CASH FLOW FROM INVESTING ACTIVITIES</i>		
Purchase of Fixed Assets	(148.06)	-
Sale of Fixed Assets	5.67	-
Interest and Dividend Income Received	0.97	-
Net Cash used in Investing Activities	(141.41)	-
<i>CASH FLOW FROM FINANCING ACTIVITIES</i>		
Proceeds from Issue of Share Capital	0.00	5.10
Share Application	(61.22)	-
Proceeds from Share Premium	0.00	-
Proceeds from Secured Loans	(68.88)	-
Proceeds from Unsecured Loans	35.31	-
Interest Paid	(50.60)	-
Net Cash Flow from Financing Activities	(145.39)	5.10

Net (Decrease) / (Increase) in Cash and Cash Equivalents	52.71	0.00
Opening Balance of Cash and Cash Equivalents	-	
Closing Balance of Cash and Cash Equivalents	52.71	0.00

Annexure - V

Statement of Sundry Debtors on 31st December 2005

(Figures in Rs. Lacs)

Particulars	As at December 31, 2005	As at March 31, 2005
A. Debts outstanding for a period exceeding six months:		
Unsecured - Considered Good	5.45	-
Considered Doubtful	3.69	-
Less: Provision for Doubtful Debts	3.69	-
	5.45	-
B. Other Debts:		
Unsecured - Considered Good	644.87	-
Related Parties	182.96	-
	827.83	-
Total [A+B]	833.28	-

Annexure - VI**Statement of Loans and Advances****(Figures in Rs. Lacs)**

Particulars	As at December 31, 2005	As at March 31, 2005
A. Advance recoverable in cash or kind or for value to be received		
Unsecured - Considered Good	314.30	82.56
	314.30	82.56
B. Income Tax Payments:	16.68	-
C. Balances with Customs and Excise	0.02	-
Total	331.00	82.56

Note: None of the above mentioned Loans & Advances are related to directors/ promoters of the Company except as stated in the Auditors Report under the related party transaction

Annexure - VII**Details of Secured Loans****(Figures in Rs. Lacs)**

Particulars	As at December 31, 2005	As at March 31, 2005
Working Capital (A)		
Centurion Bank of Punjab Limited	419.90	-
Term Loan (B)		
Centurion Bank of Punjab Limited	48.98	-
Other Loan (C)		
Vehicle Loan from various banks	11.92	-
Machinery Loan from L & T Finance Ltd.	4.80	-
Total (A+B+C)	485.60	-

Statement of Secured Loans As on December 31, 2005

(Figures in Rs. Lacs)

Particulars of Loan	Bank	Nature of Loan	Sanctioned Amount	Outstanding Amount	Rate of Interest P.A (Monthly Compounding	Repayment of Terms	Securities Offered
Term loans	Centurion Bank of Punjab Ltd.	Term Loan-1	15.63	15.78	10.50%	Monthly installments of Rs.0.50 Lacs Each. Interest as and when due on monthly basis.	Hypothecation of moveable fixed assets of the borrower including Machinery, equipment,electrical fittings, furniture fixtures etc.
	Centurion Bank of Punjab Ltd.	Term Loan-2	32.91	33.2	10.50%	Monthly installments of Rs.1 Lacs Each. Interest as and when due on monthly basis.	
Working Capital Facility	Centurion Bank of Punjab Ltd.	Cash Credit	200	72.48	10.50%		Hypothecation of indigenous and imported raw material for the manufacturing of toothbrushes, toothpowder and toothpaste ,stock in process and finished goods, consumable stores for export purpose.
	Centurion Bank of Punjab Ltd.	Packing Credit	200	97.46	7.50%	Within 180 days	
	Centurion Bank of Punjab Ltd.	FOBP/FOUBP	450	249.96	7.50%	Within 90 days	Foreign documentary demand / usance bills drawn on foreign
Hire Purchase Loans	L&T Finance Ltd.	Machinery Loan		4.8		Monthly Installment of Rs.46516/-	Secured by hypothecation of specified Machinery against which the finance obtained
	Centurion Bank of Punjab Ltd.	Vehicles Loan		0.08		Monthly Installment of Rs.1450/-	Secured by hypothecation of specified Vehicles against which the finance obtained
	ICICI Bank Ltd	Vehicles Loan		1.26		Monthly Installment of Rs.18500/-	
	ICICI Bank Ltd	Vehicles Loan		1.67		Monthly Installment of Rs.6321/-	
	Kotak Mahindra Primus Ltd.	Vehicles Loan		0.28		Monthly Installment of Rs.9532/-	
	ICICI Bank Ltd	Vehicles Loan		8.63		Monthly Installment of Rs.26946/-	
Total				485.6			

Annexure - VIII**Details of Unsecured Loans****(Figures in Rs. Lacs)**

Particulars	As at December 31, 2005	As at March 31, 2005
From Promoters/Directors	655.00	-
Total	655.00	-

** Short term, interest free and payable on demand*

Annexure - IX**Statement of Operational Income****(Figures in Rs. Lacs)**

Particulars	For the nine months period ended December 31, 2005	For the period October 8, 2004 to March 31, 2005
Domestic Sales	1019.48	-
Export Sales	1283.31	-
Total	2302.79	-

Annexure - X**Statement of Other Income****(Figures in Rs. Lacs)**

Particulars	For the nine months period ended December 31, 2005	For the period October 8, 2004 to March 31, 2005
Export Incentive	12.79	-
Unclaimed balances written off	0.10	-
Interest on FDR's	0.97	-
Miscellaneous Income	0.77	-
Total	14.63	-

Annexure - XI**Statement of Contingent Liabilities****(Figures in Rs. Lacs)**

Particulars	As at December 31, 2005	As at March 31, 2005
Bank Guarantees	18.00	-
Outstanding Letter of Credit	80.49	-
Bills discounted with banks	249.96	-
Capital Commitments	17.50	-
Total	365.94	-

Annexure – XII

(Figures in Rs. Lacs)

Particulars		As at December 31, 2005	As at March 31, 2005
Net Profit after tax available for equity shareholders as per Annexure II (Rs. In Lacs)	(A)	266.27	-
Weighted average number of equity shares outstanding during the year / period	(B)	1720091	-
Number of equity shares outstanding at the end of the year / period	(C)	3051000	-
Net Worth - as per Annexure - I	(D)	571.37	-
Basic and Diluted Earning Per Share (EPS)	(A)/(B)	15.48	-
Return on Net Worth (%)	(A)/(D)	46.60	-
Net Asset Value Per Share (Rs.)	(D)/(C)	18.73	-

Formula:

Earning Per Share (basic and diluted)	=	$\frac{\text{Net Profit after tax available for equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$
Return on Net Worth	=	$\frac{\text{Net Profit after tax available for equity shareholders}}{\text{Net Worth}}$
Net Asset Value per Share	=	$\frac{\text{Net Worth}}{\text{Number of equity shares outstanding at the end of the year}}$

Annexure – XIII**Statement of Capitalization****(Figures in Rs. Lacs)**

Particulars	Pre-Issue as at December 31, 2005	Post Issue*
Debt		
Short - term Debt	1074.90	
Long - term Debt (A)	65.70	
Total	1140.60	
Shareholder's Funds		
Share Capital	305.10	
Reserve and Surplus after deducting Miscellaneous Expenditure not written off	266.27	
Total Shareholders' Funds (B)	571.37	
Long - term Debt/Total Shareholders' Fund (A/B)	2.00	

** Information pertaining to share capital and reserves post issue can be ascertained only after completion of book building issue*

Annexure- XIV

Statement of Tax Shelters

(Figures in Rs. Lacs)

Particulars	For the nine months period ended December 31, 2005	For the period October 8, 2004 to March 31, 2005
Profit before Tax as per books - (A)	298.03	-
Total Tax (%)	33.66	-
Tax at actual rate on book profits	100.32	-
Adjustments:		
Permanent Differences		
Deduction -U/S 10A	213.96	-
Other Adjustments	(3.08)	-
Total Permanent Differences - (B)	210.88	-
Timing Differences		
Differences between Tax depreciation and Book Depreciation	19.78	-
Others	(8.75)	-
Total Timing Differences - (C)	11.03	-
Net Adjustments - (B+C)	221.91	-
Tax Savings thereon	74.69	-
Profit as per Income Tax Returns (D) = (A-B-C)	76.12	-
Taxable Income as per MAT	Nil	-
Tax as per Income Tax Returns	25.91	-

**The Company did not performed any business activities during the Financial Year 2005*

Annexure-XV			
Information on related party transaction as required by Accounting Standard - 18 as on 31.12.2005			
			(Figures in Rs. Lacs)
Particulars	Related Parties	Directors	Company Controlled
			by Directors/Relatives
Job Work Charges	Prince Plastic Technologies		2.67
			2.67
Purchase of Raw material	Prince Plastic Technologies		22.45
			22.45
Sale of Finished Goods	Prince Plastic Technologies		5.87
	Dr. Fresh Inc		388.10
	Whitening Expression Labs (P) Ltd.		34.74
			428.71
Rent Paid	Berco Engineers (P) Ltd.		11.25
			11.25
Electricity Expenses Paid	Mr. Nikhil Nanda	48.33	
		48.33	
Directors Remuneration	Mr. Nikhil Nanda	8.40	
	Mr. P K Manglik	0.40	
		8.80	

Annexure- XVI

(Figures in Rs. Lacs)

Particulars	As at December 31, 2005	As at March 31, 2005
Capital Reserve	0.00	-
Capital Redemption Reserve	0.00	-
Development Rebate Reserve	0.00	-
Investment Allowance Reserve	0.00	-
Share Premium Account	0.00	-
General Reserve	200.00	-
Surplus as per Profit & Loss Account	66.27	-
Total	266.27	-

For Haribhakti & Co.

Chartered Accountants

Chetan Desai

Partner

Membership No.17000

Place: New Delhi

Date: February 28, 2006

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS

You should read the following discussions of our financial condition in conjunction with the section titled 'Financial Statements' beginning on page no. 79 of this Draft Red Herring Prospectus. You should also read the section titled 'Risk Factors' on page no. x of this Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition and results of operations.

The financial statements have been prepared in accordance with the Indian GAAP, the Companies Act, and the SEBI Guidelines and restated as described in the report of our statutory auditor M/s. Haribhakti & Co, Chartered Accountants dated February 28, 2006 in the section titled 'Financial Statements' on page no 79 of this Draft Red Herring Prospectus.

Our financial year-ends on March 31 of each year, so all references to a particular fiscal year are to the 12-month period ended March 31 of that year. Our historical financial performance may not be considered as indicative of future financial performance.

Overview of the business

Our Company was incorporated on October 8, 2004 to carry out mainly the business of manufacturer, exporters, importers, traders, buyers and sellers of Oral Hygiene products (including tooth brushes and toothpastes) whether raw, semi-finished or finished. Mr. Nikhil Nanda is the promoter of our Company.

Our Company vide an agreement dated July 27, 2005 and supplementary agreement dated August 1, 2005 took over the businesses on a going concern basis from the three proprietary concerns namely M/s. Sunehari Svendgaard Laboratories, M/s Sunehari Oral Care and M/s Jai Hanuman Exports with effect from April 1, 2005.

We are a dental and oral health care products manufacturing Company manufacturing a wide variety of dental and oral care products, such as toothbrushes, toothpastes, whitening mouth rinse, whitening gel and denture cleaning effervescent tablets. We are private label manufacturers for some domestic as well as global brands. We also exclusively manufacture and sell toothpastes under the brand name 'TAAZGI' in the local domestic market.

Significant developments subsequent to the last financial year

In our opinion there are no such significant developments that have taken place from the date of the last financial statements that have an adverse material impact on our financials.

Factors that may affect results of the operations

- Changes in consumer preferences
- Increase in power tariff and fuel charges
- Depreciation of the Indian rupee in relation to US dollar, Euro or other currencies
- Dereservation of toothbrush manufacturing to SSI units.

Limited Customers

Though our Company is dependent on few or limited numbers of buyers but these customers are the leading players in the oral and dental care market. These customers are very quality conscious and do not enter into any agreements/contracts until they are assured of the quality deliverable capacity of the parties. Our Company has always met the quality standards set by our clients further we have proactively tried to maintain higher levels of quality standards in order to serve our customers more effectively. For our current project we propose to import the latest Anchor free Technology enabled toothbrush manufacturing machinery from Boucherie, Belgium which is in a way a step taken by us towards constantly updating and upgrading our technology so as to meet with effectiveness the growing demands of the constantly changing market needs.

Expansion in product range

In the current financial year i.e. in 2005-2006 we have started the production of Mouth Rinse, Mouth Wash and Denture Cleaning Effervescent Tablets.

Discussion on Results of Operations

Our Company has been incorporated on October 8, 2004, but the actual production commenced only during the financial year 2005-2006. The following figures are for the nine months period ended December 31, 2005, there are therefore no comparable figures.

(Figures in Rs.
Lacs)

Particulars		For the nine months period ended December 31, 2005	For the period October 8, 2004 to March 31, 2005
Income			
Operational Income	2302.79		-
Less: Excise Duty	87.09	2215.7	
Other Income		14.63	-
Increase/(Decrease) in Inventories		596.61	-
Total (A)		2826.94	-
Expenditure			
Cost of Raw Material/ Good Sold		2066.69	-
Manufacturing Expenses		113.58	-
Employees' Emoluments		71.26	-
Administrative and Other Expenses		79.39	-
Selling & Distribution Expenses		110.34	
Sub total (B)		2441.30	
EBIDTA (A-B)		385.64	
EBIDTA Margin (%)		17.40	
Interest & Financial charges		50.60	-
Depreciation		30.69	
Total Expenditure (C)		2522.59	
Profit Before Tax and Extraordinary items (A-C)		304.35	
PBT Margin (%)		10.77	
Provision for Taxation			
- Current Tax	25.91		-
- Less/(Add) Deferred Tax	3.51		-
- Fringe Benefit Tax	2.24		-
- Wealth Tax	0.10	31.76	-
Net Profit before Extraordinary items		272.59	-

PAT Margin (%)	9.64	
Miscellaneous Expenditure w/off	6.32	-
Profits available for appropriations	266.27	
Add: Balance brought from previous year	0.00	-
Less: Transferred to General Reserve	200.00	-
Balance carried forward to Balance Sheet	66.27	-

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 OF THE SEBI (DIP) GUIDELINES

Unusual or infrequent events or transactions

Apart from the change in capital structure of the Company and mentioned in section Capital Structure on page no 11 of this Draft Red Herring Prospectus there are no unusual or infrequent events or transactions having significant impact on the operations of the Company.

Significant economic changes that materially affected or are likely to affect income from continuing operations

Inability on our part to pass on any increase in cost of manufacturing to end users on account of competitive pressures may have adverse impact on our business.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue, or income from continuing operations

No known trends and uncertainties are envisaged from continuing operations.

Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

There are no such known changes in relationship between costs and revenues.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

Since this being the first year of commercial operations for the Company no comment on any increase in net sales or revenue can be made.

Total turnover of each major industry segment in which the Company operated

The management has identified that the Company's products, such as toothbrushes, toothpastes, whitening mouth rinse, whitening gel, denture cleaning effervescent tablets and tongue cleaners are products, which fall under the dental and oral care segment. As such the Company has only one segment, i.e., dental and oral care segment and as such no separate details on segment reporting required under AS17 (Segment Reporting) issued by the Institute of Chartered Accountants of India, is being furnished.

Status of any publicly announced new products or business segment.

Our Company has not publicly announced any new products or segments.

The extent to which the business is seasonal

Our Company's business is not seasonal.

Any significant dependence on a single or few suppliers or customers

We are not overly dependent on any single or few suppliers, but we are dependent on very few customers for our business income.

Competitive conditions

There being low no entry barrier, no low technological constrains, therefore the sector is occupied by lot of unorganised entrepreneurs.

SECTION VI

LEGAL AND OTHER INFORMATION

1. OUTSTANDING LITIGATION OF OUR COMPANY

1. Save as detailed herein:
 - a. neither the Company, nor any director or promoter of our Company is party to any ongoing proceedings before any statutory or regulatory authority, nor are any show cause notices pending against any of them;
 - b. neither our Company, nor any director of our Company was party to any past proceedings where any penalty was imposed;
 - c. there have been no defaults to financial institutions/ banks for non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the Promoters of our Company and the companies/ firms promoted by the Promoters of our Company;
 - d. our Company has not failed to pay any statutory dues;
 - e. no disciplinary action has been taken against the Promoters of our Company by the Securities and Exchange Board of India or any Stock Exchange in India; and
 - f. none of the names of the directors of our Company have appeared on the RBI's defaulters list.
2. We have not yet identified small scale creditors to whom our Company owes a sum exceeding Rupees one lac which is outstanding for more than thirty days:

A. CASES FILED AGAINST OUR COMPANY

Civil Cases

01. *Mr. Narendra Kumar Singh v. Sunehari Svendgaard Lab. Case No. CWC/SD/14/03/3057*

Mr. Narendra Kumar was appointed as an employee of M/s J.K. Enterprises (contractor-supplying workers to M/s Sunehari Svendgaard Laboratories, which is now a unit of JHS Svendgaard Laboratories Ltd). The above employee was sent for work by the said contractor. Mr. Narendra Kumar sustained injuries while working on a machine in M/s Sunehari Svendgaard Laboratories on 21.05.2003 and filed a case for compensation in the Court of Commissioner of Workman Compensation. On 08.09.2004 the office of the commissioner has ordered that as the workman is covered under the ESI, he should approach the ESI authorities for further redressal. We are yet to receive any intimation in the said case.

Notices issued to our Company

01. *M/s Jai Hanuman Exports, Before the Joint Commissioner of Trade Tax, Noida UP. (Appeal No. 739/05 (04-05))*

On 27.8.2004 eighty bags of Polypropylene were in transit to M/s Jai Hanuman Exports (now a unit of JHS Svendgaard Laboratories Ltd.). On inspection of the vehicle carrying the said bags, Form 49 was found missing. The department issued a notice and after hearing the party the department passed an order for deposit of Rs. 0.37lacs for release of the confiscated goods. On deposit of the said amount by M/s Jai Hanuman Exports, the case was presented before the authority. On hearing the parties, the department imposed a penalty of Rs. 50,000/- . As out of the said amount of Rs. 0.5 lacs-, Rs. 0.375 lacs had already been deposited by the applicant, a balance of Rs. 0.125 / lacs was due to be deposited. An appeal was made against

the above order. But appellate authority ordered to deposit 50% of the 0.125 lacs before the hearing. Being a non-substantial amount, the Company decided to deposit the entire amount of Rs. 0.125 lacs Accordingly, the required payment has been made.

The Company is yet to receive a certified copy of the order for dismissal of the case.

02. *M/s Jai Hanuman Exports Before the Noida Trade Tax Department (Case No.1- 2004-05)*

On 22.01.2005 goods were being sent from M/s Sunehari Svendgaard Laboratories to M/s Jai Hanuman Exports (both being units of JHS Svendgaard Laboratories Ltd.) On inspection of the supporting documents such as invoice, Import declaration, etc. by the flying squad of Trade Tax Department, it was found that the goods had been dispatched with improper documentation. It was concluded by the Department that the units have been attempting tax evasion. Accordingly, the said goods were valued at Rs. 2.40 lacs and a penalty of Rs. 0.72 lacs was imposed on M/s Jai Hanuman Exports. An appeal has been filed on December 10, 2005 before the Joint Commissioner of Trade Tax –NOIDA by M/s Jai Hanuman Exports (unit of JHS Svendgaard Laboratories Limited).

No date of hearing has been received by the Company as yet.

03. *M/s Sunehari Oral Care Before the Deputy Commissioner of Central Excise*

M/s Sunehari Oral Care had sent goods through various Invoices to M/s Jai Hanuman Exports at NSEZ, Noida. Sunehari Oral Care had made an application on 25.05.2005 before the office of Deputy Commissioner of Central Excise, to claim the rebate of excise duty of Rs. 3.38 lacs, as the said dispatch to NSEZ is a deemed export. A show cause notice was issued by the Deputy Commissioner to explain the above case. M/s Sunehari Oral Care was summoned to attend several personal hearings by the Deputy and the Assistant Commissioner of Central Excise.

On 13.12.2005, after hearing the parties the Office of Assistant Commissioner had ordered that the claim was not admissible and rejected the claim of M/s Sunehari Oral Care.

M/s Sunehari Oral Care has now filed an appeal on 14.02.2006 before the Commissioner (Appeals) under section 35 of the Central Excise Act.

No date of hearing has been received as yet.

Cases filed by us

01. *M/s Sunehari Svendgaard Laboratories v. M/s Med World Technologies Pvt. Ltd.*

M/s Sunehari Svendgaard Laboratories supplied goods (toothbrushes) to M/s Med World Technologies Pvt. Ltd for a total consideration of Rs. 4.30 lacs M/s Med World Technologies Pvt. Ltd has made payment of Rs. 1.50 lacs/- out of the total amount, and issued three cheques for a total amount of Rs.1.69 lacs in favour of M/s Sunehari Svendgaard for the balance payment. The said cheques were dishonoured on grounds of insufficient fund. The present case was filed on 22.05.2005 in the court of Sh. S. K. Aggarwal, Metropolitan Magistrate, New Delhi.

Date of next hearing has been scheduled on 08.09.2006.

B. OUTSTANDING LITIGATION OF THE PROMOTERS/DIRECTORS OF THE COMPANY

Apart from the cases listed below there are no pending legal cases against our promoter/directors of the Company.

Mr. Nikhil Nanda

01. M/s Harsh Agencies vs. M/s Niki Ven Personal Care Products Pvt. Ltd through its Director Mr. Nikhil Nanda.

M/s Harsh Agencies was appointed as the Super Distributor of western Uttar Pradesh region by M/s Niki Ven Personal Care Products Pvt. Ltd. (Niki Ven) vide agreement dated February 18, 2004. As per the said agreement, the said Super distributor was to supply goods of Niki Ven to area distributors and Niki Ven was to bear the cost of marketing of the goods.

A notice dated 13.01.2006 has been received from the legal advisors of M/s Harsh Agencies, alleging that M/s Harsh Agencies purchased the products of Niki Ven, paid for the same vide demand drafts, and further dispatched the stock to various parties as per the directions of Niki Ven. However, the payments for the said supplies was received directly by Niki Ven instead of M/s Harsh Agencies, for which Niki Ven had no authority. An alleged claim of Rs. 2.42 lacs has now been made on Niki Ven (through its director Mr. Nikhil Nanda) by M/s Harsh Agencies, through their legal advisors.

Currently, Mr. Nikhil Nanda is no longer on the Board of Niki Ven.

02. Shri. Nikhil Nanda, Income Tax Department. Assessment Year: 2002-2003

A notice of demand was issued by Asst. Commissioner of Income Tax, Circle 32(1), New Delhi on 30.12.2004 for payment of an amount of Rs. 1.64 lacs on recomputation of taxable income of M/s Jai Hanuman Exports (proprietor Mr. Nikhil Nanda) for the AY 2002-03.

Mr. Nikhil Nanda has paid the entire amount of Rs.1.64 lacs (under protest) and had filed an appeal against the said demand before the office of the Commissioner of Income Tax (Appeals) XXVI New Delhi, in which the concerned tax deduction has been partly allowed.

Against the above appellate order, the Asst. Commissioner of Income Tax has filed a counter appeal to the Income Tax Appellate Tribunal on October 7, 2005.

Date of hearing is yet to be fixed.

Mr. D S Grewal

01. Food Inspector V/s D.S. Grewal (Prop of Mehar Enterprises) Case No. 167/2001 in Court of Chief Judicial Magistrate

3 Packets of 1 litre Berry Orange Juice were lifted from premises of Mehar Enterprises on 26.03.2001. The samples so lifted met all requirements except that batch/lot no. was not mentioned. Hence this was treated as misbranding of goods by the Local Health department under Prevention of Food Adulteration Act 1954.

It was proved to the satisfaction of the court that all goods were purchased from the importer, after making the due payments. Mehar Enterprises sold these goods in the same condition in which they were received. As a result, the Importer has been impleaded.

The next date of hearing is on 12.05.2006

02. Food Inspector V/s Satish Mittal (Prop of Punjab store/ Sector 9/ CHD) Case No. 168/2001 in Court of Chief Judicial Magistrate

3 packets of Apple Pear Juice (Berry) were lifted from the retail shop of Punjab store on 27.03.2001. Goods were sold to them by Mehar Enterprises. The samples so lifted met all requirements except that batch/lot no. was not mentioned. Hence this was treated as misbranding of goods by the Local Health department under Prevention of Food Adulteration Act 1954.

It was proved to the satisfaction of the court that all goods were purchased from the importer, after making the due payments. Mehar Enterprises sold these goods in the same condition in which they were received. As a result, the Importer has been impleaded.

The next date of hearing is 16.3.2006

03. Food Inspector V/s Satish Kumar (Prop of Punjab store/ Sector 9/ CHD) Case No. 34/2003 in the Court of Chief Judicial Magistrate

3 tins of “DAK” pork showder picnic 450gms- a product of Denmark was picked up by the Food Inspector from the retail counter of Punjab Store sector 9/CHD. The samples so lifted met all requirements except that date of manufacture was not mentioned. Hence this was treated as misbranding of goods by the Local Health department under Prevention Of Food Adulteration Act 1954.

Mehar Enterprises has challenged the action of the food inspector on 06/09/2004 that Food Inspector was not competent to lift samples and pleaded that the charges be totally withdrawn. The previous CJM has decided the case against the local health department. The department has gone in for appeal which is still pending in High court.

The next date of hearing is 28.04.2006.

C. OUTSTANDING LITIGATION OF GROUP COMPANIES

There are no group companies of our Company.

MATERIAL DEVELOPMENT

Apart from the changes mentioned elsewhere in this Draft Red Herring Prospectus, including in the share capital as mentioned in section Capital Structure on page 11 of this Draft Red herring Prospectus, which have occurred since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, the Board of Directors of the Company are of the opinion that there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

2. GOVERNMENT AND OTHER APPROVAL

Subject to the renewals of approvals and licenses as listed below, we can undertake this Issue as well as our current business activities and no further major approvals are required from any Government authority for us to continue our activities.

Sl.	Issuing Authority	Registration No./ Licence Number	Nature of Registration	Issued on / with effect from	Validity period	Remarks
1.	Registrar Of Companies – Punjab, H.P & Chandigarh	U24230HP2004 PLC27558	Certificate of Incorporation	08-10-2004	Permanent	
2.	Registrar Of Companies – Punjab, H.P & Chandigarh	-	Certificate of Commencement of Business	06-05-2005	Permanent	
3	Income Tax Department	AABCJ5766G	PAN	08-10-2004	Permanent	
4	Income Tax Department	DELJ05935G	TAN	19-12-2005	Permanent	
5	Govt. of India, Ministry of Commerce, O/o Jt. Director General of Foreign Trade, Chandigarh	2205002911	Certificate of Importer-Exporter Code (IEC)	10-10-2005	Permanent	
6	Federation of Indian Export Organisation	RCMC NO. 451/2005-06	Registration cum Membership Certificate	02-12-2005	31-03-2006	

FOR THE KALA AMB PROJECT

Sl.	Issuing Authority	Registration No./ Licence Number	Nature of Registration	Issued on / with effect from	Validity period	Remarks
1	Finance Department, Himachal Pradesh Government	Letter No. K-B-F(10)-276/2005 dated 31-10-2005	Permission for purchase of land for establishing Industrial Unit	31-10-2005	180 days from the date of issue	
2	Trilokpur Special Area Development Authority, Nahan (HP)	Letter No. HIM/SAD/T-61/2004-159	No Objection Certificate to purchase land measuring 12-01 Bigha, bearing Khasra Nos. 85/1, 179/82 and 418/67 at Mauza Kheri, Tehsil Nahan Dist Sirmour	31-3-2005	-	

4	Department of Industrial Policy & Promotion, Ministry of Industry	-	Industrial License	10.02.2006	3 years from the date of issue	For manufacture of TOOTHBRUSH, subject to the Company fulfilling a minimum export obligation of 50% of the new or additional annual production to be achieved within a maximum period of three years
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UNIT- SUNEHARI SVENDGAARD LABORATORIES

Sl.	Issuing Authority	Registration No./ Licence Number	Nature of Registration	Issued on / with effect from	Validity period	Remarks
1	The Chief Inspector of Factories, Licence for running the factory under Factories Act, 1948	DFL-9497	Licence to work a Factory	26-04-2001	31-12-2006	
2	Deputy Commissioner of Central Excise, New Delhi	AABCJ5766G XM001	Central Excise Registration Certificate	13-12-2005	Permanent	
3	Central Sales Tax Officer	LC/069/19045 5/0896	Registration under the Central Sales Tax	27-11-1996	Permanent	
4	Office of Value Added Tax Officer, Department of Value Added Tax	TIN 07690190455	TIN	02-06-2005	Permanent	
5	Office of Regional Provident Fund Commissioner	DL/19709	Registration with Provident Fund	22-09-1997		Letter given to the department for registration in the name of the Company.
6	Employees' State Insurance Corporation	11-34304-24/Zone-3/97	Registration with Employees' State Insurance Corporation	21-04-1997		Letter given to the department for registration in the name of the Company.
7	The Plastics Export Promotion Council	PLEPC/S/792/ 2005-06	Registration cum Membership Certificate (Manufacturer Exporter)	04-05-2005	31-03-2006	Application given to department on dated 07.11.2005 for amending the certificate in favour of Company
8	Basic Chemicals, Pharmaceuticals &	CHEMEXCIL/ ME/S- 116/2004- 05/17036	Registration cum Membership Certificate (Merchant	18-01-2005	31-03-2009	Application given to department on dated 07.11.2005 for amending the certificate in favour of Company

	Cosmetics Export Promotion Council		Exporter)			
9	Delhi Pollution Control Committee	DCPCC/CMC/2003-04/5771	Consent to Operate under Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974	13-06-2003	12-06-2006	Application given to department on dated 09-12-2005 for amending the certificate in favour of Company

UNIT- SUNEHARI ORAL CARE

Sl	Issuing Authority	Registration No./ Licence Number	Nature of Registration	Issued on / with effect from	Validity period	Remarks
1	The Chief Inspector of Factories, registration - under Factories Act, 1948	License No. DFL-10057 Regn No. FD 10310	Registration for Factory License	08-12-2005	31-12-2006	
2	Deputy Commissioner of Central Excise, New Delhi	AABCJ5766G XM002	Central Excise Registration Certificate	13-12-2005	Permanent	
3	Central Sales Tax Officer	LC/94/212705/ 0199	Registration under Central Sales Tax Act	28-01-99	Permanent	
4	Delhi Sales Tax Department, under Central Sales Tax Act and State Vat Act	TIN- LC/094/072702 12705/0199	Certificate of Registration under Delhi Sales Tax Act & Rules	28-01-99	Permanent	
5	Deputy Drugs Controller, Drugs Control Department	Licence No. 1446	Manufacture Licence for Cosmetics	01-04-2005	31-03-2010	
6	Delhi Pollution Control Committee	Firm's Identification No. 17401	Consent (Orange – operate)			Application dated 31.12.2005 has been made by the Company which is pending for approval

UNIT- JAI HANUMAN EXPORTS

Sl.	Issuing Authority	Registration No./ Licence Number	Nature of Registration	Issued on / with effect from	Validity period	Remarks
1	Jt. Development Commissioner, Noida, Special Economic Zone	NSEZ/FA/47/2005/4118	Licence to work factory	19.05.2005	31-12-2005	Application has been given to department for renewal on dated 21.12.05
2	Additional Trade Tax officer, Trade Tax Department, Uttar Pradesh	ND 5311285	Registration under Central Sales Tax and Rules	23.04.2003	Permanent	
3	Trade Tax Officer, NOIDA	ND-0313070	Registration under Uttar Pradesh Trade tax Rules, 1948	23.04.2003	Permanent	This registration has been renewed in the name of JHE (a unit of M/s JHS Svendgaard laboratories Limited) on 02.12.2005
4	The Plastics Export Promotion Council	PLEPC/J/206/2005-06	Registration cum Membership Certificate (Manufacturer Exporter)	20-04-2005	31-03-2010	Application given to department on dated 21.12.05 for amendment in the name of the Company.
5	Ministry of Commerce & Industry, NSEZ	(37) 9-1/2003-Proj/2003-2004	Registration cum Membership Certificate, Noida Special Economic Zone (Manufacturer Exporter)	03-02-2004	31-03-2008	Amended after ownership change
6	Ministry of Commerce & Industry, Noida	Green Card No.49/2003-Proj	Green Card for 100% Export Oriented Unit	17-03-2003	16-03-2008	Amended after ownership change

3. INTELLECTUAL PROPERTY RIGHTS

PATENTS

The Company has three patents in the name of Sunehari Svendgaard Laboratories; it is yet to file application for having them registered in its own name:

Design	Class
Toothbrush Handle	04-02
Toothbrush	04-02
Toothbrush Handle	04-02

Company also has one patent in the name of Jai Hanuman Exports; it is yet to file application for having it registered in its own name:

Design	Class
Toothbrush with cap	04-02

TRADE MARKS

Sunehari Svendgaard Laboratories has applied sixteen trademarks their status is as under:

Sl. No.	Trademark	Application No.	Class	Name of the Proprietor	Application Filed on	Current Status
1	TAAZGI	1150498	21	Sunehari Svendgaard Laboratories	13-Nov-02	Yet to be accepted
2	TAAZGI	1150499	3	Sunehari Svendgaard Laboratories	13-Nov-02	Mark Accepted. Acceptance order enclosed.
3	BUDGET	1202749	3	Sunehari Svendgaard Laboratories	30-May-03	Advertised In 1324(Sup-1). To receive registration certificate
4	BUDGET	1202754	21	Sunehari Svendgaard Laboratories	30-May-03	Mark yet to be advertised. Acceptance order received.
5	REFLEX	1202745	3	Sunehari Svendgaard Laboratories	30-May-03	Mark yet to be advertised. Acceptance Order received.
6	REFLEX	1202750	21	Sunehari Svendgaard Laboratories	30-May-03	Advertised In 1323. To receive registration certificate
7	MATRIX	1202748	3	Sunehari Svendgaard Laboratories	30-May-03	Mark yet to be advertised. Acceptance order received
8	MATRIX	1202753	21	Sunehari Svendgaard Laboratories	30-May-03	Mark Advertised in Journal No.1323. To receive registration certificate.
9	WONDER	1202752	21	Sunehari Svendgaard Laboratories	30-May-03	Advertised In 1323. To receive registration certificate

10	WONDER	1202747	3	Sunehari Svendgaard Laboratories	30-May-03	Mark yet to be accepted. Report filed on Sept.2003 for examination
11	THE BRAND INDIA LOVES	1202746	3	Sunehari Svendgaard Laboratories	30-May-03	Mark yet to be accepted. Report filed on Sept.2003 for examination
12	THE BRAND INDIA LOVES	1202751	21	Sunehari Svendgaard Laboratories	30-May-03	Mark Accepted, yet to be notified.
13	Signal Technology Bristles & Device	1274952	21	Sunehari Svendgaard Laboratories	25-Mar-04	Mark Accepted, yet to be notified.
14	SVENDGAARD	1293791	21	Sunehari Svendgaard Laboratories	1-Jul-04	Mark yet to be advertised in the Journal.
15	Dr. Gold	1297020	3 & 21	Sunehari Svendgaard Laboratories	19-Jul-04	Mark yet to be advertised. Acceptance order notified
16	WHITEAID	1346676	3 & 21	Sunehari Svendgaard Laboratories	23-Mar-04	Yet to file Examination report.

Company is yet to file application for getting the trademarks in its own name.

Sunehari Svendgaard Laboratories & Jai Hanuman Exports presented itself as a registered Company while filing these applications. Rectification application regarding its status is yet to be filed.

SECTION VII

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity shares has been authorised pursuant to a resolution of the Board of Directors of our Company adopted at its meeting held on September 19, 2005 and by a special resolution passed pursuant to Section 81(1A) of the Companies Act, 1956, at an Extra Ordinary General Meeting of our Company held on September 29, 2005.

Prohibition by SEBI

Neither our Company, nor our Promoter, directors and the companies or entities with which directors of our Company are associated, as directors or promoters, have been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI.

Neither our Promoters, his relatives or the Company are detained as wilful defaulters by RBI/ government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past.

The Listing of any securities of the Issuer has never been refused at anytime by any of the Stock Exchanges in India.

Eligibility for the Issue

Our Company does not comply with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are, therefore, required to meet both the conditions detailed in Sub-Clauses (a) and (b) of Clause 2.2.2 of the SEBI Guidelines.

Clause 2.2.2 of the SEBI Guidelines states as follows:

“2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

(a) (i) The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

Or

(a) (ii) The “project” has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded.

And

(1b) (i) The minimum post-issue face value capital of the Company shall be Rs. 10 crores.

Or

(b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:

- (a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;
- (b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;
- (c) The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the Company.)”

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are, therefore, required to meet both the conditions detailed in Sub-Clauses (a) and (b) of Clause 2.2.2 of the SEBI Guidelines.

- We are complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 50% of the Issue is proposed to be allotted to QIB Bidders and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.
- We are also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-Issue face value capital of the Company shall be Rs. 1249.97 Lacs, which is more than the minimum requirement of Rs. 10 crore (Rs. 1000 Lacs).

Hence, we are eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we undertake that the number of allottees, i.e., Persons receiving Allotment in the Issue shall be at least 1000, otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS VIZ., UTI BANK LIMITED, CENTRUM CAPITAL LIMITED AND BAJAJ CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS VIZ., UTI BANK LIMITED, CENTRUM CAPITAL LIMITED AND BAJAJ CAPITAL LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 14, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

(3) WE CONFIRM THAT:

A. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;

C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;

D. BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND

E. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTIONS 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

WE CERTIFY THAT WRITTEN CONSENT FROM THE SHAREHOLDERS HAVE BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE RoC IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTIONS 56, 60 AND 60B OF THE COMPANIES ACT."

Disclaimer from our Company and the BRLMs

Our Company, our Directors and the BRLMs accepts no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisement or any other material issued by or at instance of the Company and that anyone placing reliance on any other source of information, including Company's website www.svendgaard.com, would be doing so at his or her own risk.

Caution

The BRLMs accepts no responsibility, save to the limited extent as provided in the MoU entered into between the BRLMs and our Company dated March 13, 2006 and the Underwriting agreement to be entered among the Underwriters and our Company.

All information shall be made available by the BRLMs and our Company to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at bidding centres etc.

Disclaimer in respect of jurisdiction

This issue is made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), Trusts (registered under Societies Registration Act, 1860, or any other Trust law and are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian Laws. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself about and to observe any such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Shimla, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to Bombay Stock Exchange Limited (BSE). BSE has given vide its letter dated [●] permission to our Company to use BSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company.

BSE does not in any manner:

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; or
- ii) warrant that the Company's securities will be listed or will continue to be listed on BSE; or
- iii) take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Draft Red Herring Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited (NSE). NSE has given vide its letter dated [●], permission to the Company to use the NSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than 1000 Lacs and market capitalisation shall not be less than Rs. 2500 Lacs at the time of listing). The NSE has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or

completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Undertaking from Promoter and Directors

We accept full responsibility for the accuracy for the information given in the Draft Red Herring Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which make any statement in the Draft Red Herring Prospectus misleading and we further confirm that we have made all reasonable inquiries to ascertain such facts. We further declare that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this offer or for the price at which the Equity Shares are offered or for the correctness of the statement made or opinions expressed in this offer document. The Promoter/ Directors declare and confirm that no information / material likely to have a bearing on the decision of investors in respect of the shares offered in terms of the Draft Red Herring Prospectus has been suppressed, withheld and / or incorporated in the manner that would amount to mis-statement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/ material has been suppressed / withheld and/or amounts to a mis-statement / mis-representation, the Promoter/Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

Filing

A copy of this Draft Red Herring Prospectus, has been filed with the Corporate Finance Department of SEBI, at B Wing, First Floor, Mittal Court, Nariman Point, Mumbai - 400 021.

A copy of the Draft Red Herring Prospectus, along with the documents required to be filed under Section 60 and 60B of the Companies Act, 1956 will be delivered for registration to ROC of Punjab, Himachal Pradesh & Chandigarh situated at Kothi no. 286, Defence Colony, Jalandhar.

Listing

Applications have been made to the NSE and BSE for permission to deal in and for an official quotation of the Equity Shares of our Company. BSE will be the Designated Stock Exchange for the Issue.

If the permissions to list the Equity Shares of our Company is not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e. from the date of refusal or within 70 days from the Bid/ Issue Closing Date, whichever is earlier, then our Company and every director of our Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

We shall ensure that all steps for the completion of the necessary formalities for further listing and commencement of trading at the Stock Exchanges are taken within seven working days of finalization of the Basis of Allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary & Compliance Officer, the Auditors, Bankers to the Company; and (b) Book Running Lead Managers to the Issue, (c) Registrars to the Issue and Legal advisors to the Issue, to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh located at Jalandhar, as required under Sections 60 and 60B of the Companies Act and such

consents have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh at Jalandhar.

Expert opinion

Except as stated in the sections titled “Objects of the Issue”, “Statement of Possible Tax Benefits” and “Financial Information” beginning on pages 17, 29, and 79 of this Draft Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated Issue expenses are as follows:

Particulars	Expenses (Rs. in Lacs)	As a % of the Issue size
Management fees, underwriting commission and brokerage	[•]	[•]
Marketing and advertisement expenses	[•]	[•]
Stationery, printing and registrar expenses	[•]	[•]
Legal fees, listing fees, book building charges, auditors fees	[•]	[•]
Miscellaneous	[•]	[•]
Total	[•]	[•]

All expenses with respect to the Issue would be borne by our Company, except as agreed between the BRLMs and our Company.

Fees Payable to the BRLMs, Brokerage and Selling Commission

The total fees payable to the BRLMs, including brokerage and selling commission for the Issue will be as per the MoU executed between our Company and the BRLMs dated March 14, 2006, copy of which is available for inspection at the Registered Office/Corporate Office of our Company.

Fees Payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the MoU executed between our Company and the Registrar dated November 29, 2005, copy of which is available for inspection at the Registered /Corporate Office of our Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

Previous rights and public issues

Our Company has not made any public or rights issue since its inception.

Previous Issues otherwise than for cash

Please refer to section titled ‘Capital Structure’ on page no. 11 of this Draft Red Herring Prospectus for shares issued otherwise than cash.

Commission and brokerage on previous Issues

No sum has been paid or payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares of our Company since inception.

Companies under the same Management

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.

Listed Ventures of Promoter

The promoter does not have any listed venture.

PROMISE VIS-A-VIS PERFORMANCE

(A) LAST THREE ISSUES MADE BY JHS SVENDGAARD LABORATORIES LTD.

Our Company has not made any issue of equity shares to the public prior to the present Public Issue.

(B) LAST ISSUE OF THE LISTED VENTURES OF PROMOTER GROUP

There is no Listed venture of the Promoter Group.

Outstanding Debentures, Bonds, Redeemable Preference Shares or other Instruments

The Company, since its incorporation has not issued any Redeemable Preference shares, debentures, bonds or other instruments.

Stock Market Data for the Equity Shares

This being the initial Public Issue of our Company, no Stock Market Data is available.

Mechanism for redressal of investor grievances

The Memorandum of Understanding between the Registrar to the Issue and the Company, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, Intime Spectrum Registry Ltd., giving full details such as name, address of the applicant, application number, number of Equity shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

Disposal of investor grievances by our Company

The Company estimates that the average time required by it or the Registrar to the Issue for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and the complaints where external agencies are involved, the Company and the Registrar to the Issue will strive to redress these complaints as expeditiously as possible.

Our Company has appointed, Mr. Arvind Kumar Tiwari, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems such as non-receipt of allotment advice, refund orders, demat credit, etc. He can be contacted at the following address:

JHS Svendgaard Limited

B-1/E-23, Mohan Co-operative Industrial Area,
Mathura Area,
New Delhi-110 044

Tel: +91 11 30885601-02

Fax: +91 11 26956020

E-mail: arvind@svendgaard.com

Changes in Auditors

Sr. No.	Particulars	Date of Change	Reason for appointment/cessation
1.	M/s Soni Gulati & Co.	January 14, 2006	Resignation
2.	M/s Haribhakti & Co.	January 14, 2006	Appointment

Capitalization of Reserves or Profits

We have not capitalized our profits or reserves at any time except as stated in the section titled "Financial Information" on page 79 of this Draft Red Herring Prospectus.

Revaluation of Assets

We have not revalued our assets during the last five years.

SECTION VIII

ISSUE INFORMATION

1. TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, Company's Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Memorandum and Articles of Association of our Company and shall rank pari passu in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The person in receipt of allotment of Equity Shares under this issue will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by our Company after the date of allotment.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being offered at a price of Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Mode of payment of dividend

Our Company shall pay dividend to the shareholders as per the provisions of the Companies Act, 1956.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section titled "Main Provisions of Articles of Association of our Company" on page 147 of this Draft Red Herring Prospectus.

Application in Issue

As per existing SEBI Guidelines, the trading of the Equity Shares of our Company shall only be in dematerialized form. Therefore, Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of our Company shall be allotted only in dematerialised form.

Since trading of the Equity Shares of our Company is compulsorily in dematerialized mode, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of [●] Equity Shares.

Restrictions, if any, on transfer and transmission of shares and their Consolidation/ Splitting

There are no restrictions on transfer and transmission of shares and their Consolidation/ Splitting other than those mentioned in Articles of Association of our Company.

Subscription by Non-Residents/NRI/FIIs/Foreign Venture Capital Fund/Multilateral and Bilateral Development Financial Institutions

There is no reservation for any Non-Residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such Non-Residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis with other categories for the purpose of allocation. The allotment of Equity Shares to Non-residents, NRIs, FIIs, Foreign Venture Capital Investors shall be subject to the conditions as may be prescribed by the Government of India, Ministry of Finance and Company Affairs Department (Department of Economic Affairs) and the RBI while granting such permissions.

As per RBI regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office/Corporate Office of our Company or at the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Notwithstanding anything stated above, since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If an investor needs to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Net Issue, i.e., the Issue less the Promoter's Contribution, including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

If at least 50% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded.

Designated Date and allotment of Equity Shares

(a) We will ensure that the allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of allotment.

(b) As per SEBI Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

Letters of Allotment or Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI guidelines, we undertake that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Offer Closing Date;
- Despatch of refund orders or refund instructions to the clearing system shall be done within 15 days from the Bid/Offer Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment letters / refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner appearing under para "Disposal of Applications and Application Money" on page no. 144 within 15 days from the date of Bid / Offer Closing Date.

We will provide adequate funds for making refunds to unsuccessful applicants as per the mode disclosed under "Disposal of Applications and Application Money" appearing on page no. 144 to the Registrars to the Issue.

Withdrawal of this Issue

We, in consultation with the BRLMs reserve the right not to proceed with this Issue anytime after the Bid/ Issue Opening Date without assigning any reason thereof.

Bidding Period / Issue Period

Bid / Issue Opens On	[•]
Bid / Issue Closes On	[•]

Bids and any revision in bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid Opening Date / Issue Opening Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band, subject to the Bidding Period / Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE by issuing a press release, and also by indicating the change on the Company's web site and/or the BRLMs and at the terminals of the Syndicate Member.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Shimla only.

Arrangements for Disposal of Odd Lots

Since the market lot for the Equity Shares will be one, no arrangements for disposal of odd lots are required.

2. ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue shall be allocated to QIBs on a proportionate basis, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to Qualified Institutional Buyers and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, minimum 15% of the Net Issue would be allocated to Non-Institutional Bidders and minimum 35% of the Net Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

Book Building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;
2. Book Running Lead Managers;
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. The BRLMs appoints the Syndicate Members;
4. Registrar to the Issue; and
5. Escrow Collection Bank(s)

The SEBI DIP Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein at least 50% of Net Issue shall be allocated on a proportionate basis to QIBs. Of the QIB Portion, 5% would be available for allocation on a proportionate basis to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion. If at least 50% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded herewith. Further, minimum 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and minimum 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In accordance with SEBI Guidelines, QIBs are not allowed to withdraw their Bid(s) after the Bid/ Issue Closing Date. In addition, as per the recent amendments to the SEBI Guidelines, QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis. For further details see section titled "Issue Structure" on page 25 of this Draft Red Herring Prospectus.

The Company shall comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, the Company has appointed UTI Bank Limited, Centrum Capital Limited and Bajaj Capital Limited as the Book Running Lead Managers to manage the Issue and to procure the subscriptions to the Issue.

The process of Book Building under the SEBI Guidelines is relatively new and is subject to change, from time to time. Accordingly, investors are advised to make their own judgment about investment through this process of Book Building prior to making a Bid.

Illustration of Book Building and Price Discovery Process

(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)

Bidders can Bid at any price within the price band. For instance, assume a price band of Rs.20 to Rs.24 per share, issue size of 3,000 equity shares and receipt of five Bids from Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the Bidding Period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription (%)
500	24	500	16.67
1,000	23	1,500	50.00

1,500	22	3,000	100.00
2,000	21	5,000	166.67
2,500	20	7,500	250.00

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the issue is subscribed, i.e., Rs.22 in the above example. The issuer, in consultation with the book running lead managers, will finalize the issue price at or below such cut-off price, i.e., at or below Rs.22. All Bids at or above this issue price and cut-off bids are valid Bids and are considered for allocation in the respective categories.

Steps to be taken for Bidding

1. Check eligibility for making a Bid (see section titled “Issue Procedure - Who Can Bid?” on page 126 of this Draft Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. If your Bid is for Rs.50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid cum Application Form (see section titled “Issue Procedure - ‘PAN’ or ‘GIR’ Number” on page 140 of this Draft Red Herring Prospectus); and
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form.

Bidders are required to submit their Bids through the Syndicate. The Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares would be allotted to all successful Bidders only in the dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form, bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in the Draft Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public, NRIs applying on a non-repatriation basis	White
NRIs, or FIIs, Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue

Who Can Bid

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows:

- “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares;
 4. Mutual Funds registered with SEBI;
 5. Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and SEBI guidelines and regulations, as applicable);
 6. Venture Capital Funds registered with SEBI;
 7. Foreign Venture Capital Investors registered with SEBI;
 8. State Industrial Development Corporations;
 9. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in Equity Shares;
 10. Eligible Non Residents including NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
 11. FIIs registered with SEBI;
 12. Scientific and/or Industrial Research Organisations authorised to invest in Equity Shares;
 13. Insurance Companies registered with Insurance Regulatory and Development Authority, India;
 14. As permitted by the applicable laws, Provident Funds with minimum corpus of Rs. 250 million (or 2500 Lacs) and who are authorised under their constitution to hold and invest in Equity Shares;
 15. Pension Funds with minimum corpus of Rs. 250 million (or 2500 Lacs) and who are authorised under their constitution to hold and invest in Equity Shares; and
 16. Multilateral and Bilateral Development Financial Institutions.

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Participation by Associates of BRLMs and Syndicate Members

Associates of the BRLMs and Syndicate Members may bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors or as may be specifically permitted by SEBI. Such bidding and subscription may be on their own account or on behalf of their clients. Allotment to all investors including associates of BRLMs and Syndicate Members shall be on a proportionate basis.

Note: The BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

Application by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [•] Equity Shares, Allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

Application by NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from the Registered Office of the Company, its Corporate Office, members of the Syndicate or the Registrar to the Issue.

2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in colour).

Bids by NRI's/ FIIs registered with SEBI / FVCIs registered with SEBI on a repatriation basis

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
3. By NRIs – Bids for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of Allocation and for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of Allocation.
4. By FIIs /FVCIs registered with SEBI – for a minimum of such number of Equity Shares and in multiples of [●] Equity Shares thereafter that the Bid Amount exceeds Rs. 100,000. For further details see section titled “Issue Procedure - Maximum and Minimum Bid Size” on page 129 of this Draft Red Herring Prospectus.
5. In the names of individuals, or in the names of FIIs or FVCIs, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for NRIs and FIIs, and all such Bidders will be treated on the same basis with other categories for the purpose of allocation.

Application by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of the Company (i.e., 10% of 1,24,99,675 Equity Shares). In respect of an FII investing in the Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the Company's total issued capital or 5% of total issued capital of the Company in case such sub account is a foreign corporate or an individual.

As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With approval of the Board of Directors and that of the shareholders by way of a special resolution, the aggregate FII holding limit can be enhanced up to 100%; however as of the date of this Draft Red Herring Prospectus no such resolution has been recommended to our shareholders for approval.

Application by SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/ foreign venture capital investor.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- b) **For Non-Institutional Bidders and QIBs:** The Bid must be for a minimum of such number of Equity Shares in multiples of [●] Equity Share such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue to the Public. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under the existing SEBI DIP Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. **Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off' Price.**

Information for the Bidders

1. The Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor (who is eligible to invest in the Equity Shares of the Company) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from the registered office or the corporate office of the Company or from any of the members of the Syndicate.
4. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of Bidding

1. The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi). This advertisement shall contain the salient features of the Draft Red Herring Prospectus as specified under Form 2 A of the Companies Act, 1956 and shall contain the minimum disclosures as specified under Schedule XX-A of the SEBI DIP Guidelines. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
2. Investors who are interested in subscribing for the Equity Shares of the Company should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.
3. The Bidding Period shall be for a minimum of three (3) working days and not exceeding seven (7) working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and

Hindi) and the Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding ten working days.

4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels” on page 130 of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “Build up of the Book and Revision of Bids” on page 133 of this Draft Red Herring Prospectus.
6. The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
7. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
8. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “Terms of Payment and Payment into the Escrow Collection Accounts” on page 131 of this Draft Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, Rs [●] being the lower end of the Price Band and Rs. [●] being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of [●].
2. The Company in consultation with the BRLMs reserves the right to revise the Price Band, during the Bidding Period, in accordance with SEBI DIP Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in this Draft Red Herring Prospectus.
3. In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of Price Band subject to a maximum of ten working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi), and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.
4. The Company, in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIBs or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
6. Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at the Issue Price, as finally determined, which will be a price within the Price Band. Retail Individual

Bidders bidding at Cut-Off Price shall deposit the Bid Amount based on the higher end of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the subscription Amount payable by the Retail Individual Bidders, who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), shall receive the refund of the excess amounts from the Escrow Account.

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that the no additional payment would be required from the Bidder and the Bidder shall be deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

The Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of this Draft Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement with the Company and this Draft Red Herring Prospectus. Payment of refund to the bidders shall also be made in terms of the Escrow Agreement and the Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Accounts

Each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details please see the section titled "Issue Procedure - Payment Instructions" beginning on page 138 and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid amount has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held in the Refund Account for the benefit of the Bidders who are entitled to refunds on the Designated date. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies

payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e. QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders would be required to pay their applicable Margin amount at the time of submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned in the sub-section titled “Basic Terms of the Issue/Issue Structure” on page 25 of this Draft Red Herring Prospectus.

Where the Margin Amount applicable to the Bidders is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for the Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder not later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.

QIB Bidders will be required to deposit a margin of 10% at the time of submitting their Bids. After the Issue Closing Date/ Bid Closing Date, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called from QIBs.

If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

1. The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding/Issue Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding/Issue Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form)
 - Investor Category - Individual, Corporate, NRI, FII, or Mutual Fund etc.
 - Numbers of Equity Shares bid for.
 - Bid Amount.
 - Bid cum Application Form number.
 - Whether Margin Amount has been made upon submission of Bid cum Application Form.
 - Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the**

Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.

6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. Consequently, the member of the Syndicate also has the right to accept the Bid or reject it in case of QIBs provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders Bids would not be rejected except on the technical grounds listed on page 140 of this Draft Red Herring Prospectus.
8. The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company and the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of the Company.
9. It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
3. During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid amount by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
5. The Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
6. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect additional payment, if any, in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
7. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
8. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for Allocation. In case of discrepancy of data between BSE or NSE and the members of the Syndicate, the decision of the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid /Issue Closing Date the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with the Company.

2. The Company, in consultation with the BRLMs, shall finalise the “Issue Price” and the number of Equity Shares to be allotted in each investor category.
3. The allocation for QIBs for at least 50% of the Net Issue would be on a proportionate basis (with a minimum 5% allocation of the QIB Portion reserved for Mutual Funds, and such Mutual Funds can participate in the remaining allocation for QIBs), in consultation with the Designated Stock Exchange subject to valid Bids being received at or above the Issue Price, in the manner as described in the section titled “Basis of Allotment – Allotment to QIB Bidders”. If at least 50% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded. The allocation to Non-Institutional Bidders and Retail Individual Bidders of minimum 15% and 35% of the Net Issue respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. Under subscription, if any, in Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of the Company, in consultation with the BRLMs and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 1,55,000 Equity Shares, the balance Equity Shares from 5% specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
5. Allotment to NRIs, FIIs registered with SEBI or Mutual Funds or FVCIs registered with SEBI on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.
6. The BRLMs in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
7. The Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In terms of the SEBI DIP Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
8. The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.

Signing of Underwriting Agreement and RoC Filing

1. The Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price.
2. After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed ‘Prospectus’. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Designated Date and allotment of Equity Shares

1. The Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of allotment.
2. As per SEBI Guidelines, **Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.
3. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the Allottees. We would ensure the allotment of Equity Shares within 15 days of Bid / Issue Closing Date and give instructions to credit to the allottees’ depository accounts within two working days from the date of allotment. In case we fail to make allotment within 15 days of the Bid / Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

Filing of the Prospectus with the RoC

The Company will file a copy of the Prospectus with the Registrar of Companies of Punjab, Himachal Pradesh & Chandigarh located at Kothi No. 286, Defence Colony, Jalandhar- 144 001, in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on this Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation and one Hindi National newspaper

Advertisement Regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (CAN)

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated 'Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, Bidders should note that the Company should ensure that the date of Allotment of the Equity Shares to all Bidders, in all categories, should be done on the same date.
2. The BRLMs or members of the Syndicate would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the Allocation Amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.

Designated Date and Allotment of Equity Shares

1. The Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees. The Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of allotment. In case, the Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
2. In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. **Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.**

GENERAL INSTRUCTIONS**Do's:**

1. Check if you are eligible to apply;
2. Read all the instructions carefully and complete the Bid cum Application Form (White or Blue in colour) as the case may be;
3. Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of Equity Shares will be in the dematerialized form only;
4. Investor must ensure that the name given in the Bid cum Application Form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;

5. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
6. Ensure that you have been given a TRS for all your Bid options;
7. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
8. Ensure that the Bid is within the Price Band;
9. Where Bid(s) is/are for Rs. 50,000 or more, each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. The copies of the PAN card or PAN allotment letter should be submitted with the application form. If you have mentioned "Applied For" or "Not Applicable", in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof; and
10. Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/ revise Bid amount to less than the lower end of the Price Band or higher than the higher end of the Price Band;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
4. Do not pay the Bid Amount in cash, money order or by postal order;
5. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
6. Do not Bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders);
7. Do not Bid at Bid Amount exceeding Rs 100,000 (for Retail Individual Bidders);
8. Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
9. Do not submit Bid accompanied with stock invest; and
10. **Do not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.**

Instructions for Completing the Bid Cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and NRIs applying on non-repatriation basis, Blue colour for Non Residents including, Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis)
2. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
4. For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 100,000.
5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant.

Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as 'Demographic Details'). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue. Hence Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (or 2500 Lacs) (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million (or 2500 Lacs), a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that the Company and the BRLMs may deem fit.

The Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Payment Instructions

The Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account

1. The applicable Margin Amount for Non Institutional and Retail Individual Bidders is equal to 100% and while submitting the Bid cum Application Form, shall be drawn as a payment instrument for the Bid Amount in favour of the Escrow Account and submitted to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - a) In case of Resident QIB Bidders: "Escrow Account – JHS Public Issue -R- QIB"
 - b) In case of Non Resident QIB Bidders: "Escrow Account – JHS Public Issue -NR- QIB"

- c) In case of Resident Non-Institutional and Retail Individual Bidders: “Escrow Account – **JHS Public Issue - R - Non-QIB**”
- d) In case of Non Resident Non-Institutional and Retail Individual Bidders: “Escrow Account – **JHS Public Issue - NR- Non-QIB**”
 - i. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
 - ii. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
- 4. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account.
- 5. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
- 6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account.
- 7. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash, Stockinvest, Money Orders and Postal orders will not be accepted.

Payment By Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003; the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, **payment through stockinvest would not be accepted in this Issue.**

Submission of Bid Cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts equivalent to Margin Amount shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may, at its sole discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision

Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

PAN or GIR Number

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume fresh registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Draft Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Right to Reject Bids

The Company, the and the members of the Syndicate reserve the right to reject any Bid in case of QIB Bidders provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders Retail Bidders who Bid and, the Company and the members of the Syndicate have a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. In case of partnership firms Equity Shares may be registered in the names of the individual partners and no such partnership firm as such shall be entitled to apply;
4. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
5. PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more and GIR number furnished instead of PAN;
6. Bank account details for refund are not given;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut Off Price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of [●];
12. Category not ticked;
13. Multiple Bids as defined in this Draft Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/postal order/cash;
16. Signature of sole and / or joint Bidders missing;
17. Bid cum Application Forms does not have the stamp of the BRLMs or Syndicate Members;
18. Bid cum Application Forms does not have Bidder's depository account details;
19. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid cum Application Forms;
20. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure – Bids at Different Price Levels" beginning on page 130;
22. Bids by OCBs;
23. Bids not duly signed by the sole/joint Bidders;
24. Bids by U.S. residents or U.S. persons other than "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act of 1933; and

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Bidders will be made at the Issue Price.
2. The Net Issue size less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the valid bids in this category is for less than or equal to [●] Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid bids.
4. If the valid bids in this category is for greater than [●] Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allotment, refer below.

B. For Non-Institutional Bidders

1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

2. The Net Issue size less allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the valid bids in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their valid bids.
4. In case the valid bids in this category is greater than [●] Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allotment refer below.

C. For QIBs

1. Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
2. The Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
3. However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Fund Portion. After completing proportionate allocation to Mutual Funds for an amount of upto [●] Equity Shares (the Mutual Fund Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Fund Portion). If the valid Bids by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. For the purposes of this paragraph it has been assumed that the QIB Portion for the purposes of the Issue amounts to at least 50% of the Net Issue size, i.e. [●] Equity Shares.
4. Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - i. In the event that Bids from Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis upto 5% of the QIB Portion.
 - ii. In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - iii. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIBs shall be determined as follows:
 - i. In the event of over subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
5. Except for any shares allocated to QIB Bidders due to under-subscription in the Retail Portion and/or Non Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis up to a maximum of [●] Equity Shares. For the method of proportionate basis of allocation refer below.

Method of Proportionate Basis of Allotment

In the event of the Issue being over-subscribed, we shall finalize the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate allotment is less than [●] Equity Shares per Bidder, the allotment shall be made as follows:
- e) Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
- f) The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- g) If the proportionate allotment to a Bidder is a number that is more than [●] but is not a multiple of 1 (which is the marketable lot), the number in excess of the multiple of 1 would be rounded off to the higher multiple of 1 if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of 1. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated [●], 2006 with NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated [●], 2006 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
7. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares of the Company are proposed to be listed have electronic connectivity with CDSL and NSDL.

8. The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

Pre- Issue or Post Issue Related Problems

The Company has appointed, Mr. Arvind Kumar Tiwari, as the Compliance Officer and he may be contacted in case of any pre-Issue or post- Issue-related problems at the following address:

Arvind Kumar Tiwari

General Manager – Finance & Legal Affairs
JHS Svendgaard Laboratories Limited
B-1/E-23, Mohan Co-operative Industrial Area,
Mathura Road,
New Delhi-110 044

Tel: +91 11 30885601-02

Fax: +91 11 26956020

E-mail: arvind@svendgaard.com

Disposal of Applications and Application Money

The Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of finalisation of allotment of Equity Shares.

The Company shall ensure dispatch of refund orders by following mode:

1. In case of applicants residing at Ahmedabad, Bangalore, Bhubneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram – refunds shall be credited through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer);
2. In case of applicants residing at places other than those specified in (a) above and where the value of refund order is Rs. 1500/- or more, refund orders will be dispatched to the applicants by registered post; and
3. In case of applicants residing at places other than those specified in (a) above and where the value of refund order is less than Rs. 1500/-, refund orders will be dispatched under certificate of posting.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI DIP Guidelines, the Company further undertakes that:

1. Allotment of the Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
2. Dispatch refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
3. The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refunds are not electronically transferred and refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed

above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

4. Complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;
5. The funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;
6. Refund orders or allotment advice to the NRIs or FIIs or multilateral or bilateral development financial institutions, foreign venture capital investors registered with SEBI shall be dispatched within the specified time;
7. No further issue of Equity Shares shall be made till the Equity Shares issued through this Draft Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under subscription, etc.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

The Company agrees that allotment of securities issued to the public shall be made not later than 15 days from the Bid/Issue Closing Date. We further agree that we shall pay interest at 15% per annum if allotment letters / refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner appearing under para "Disposal of Applications and Application Money" on page 144 within 15 days from the date of Bid / Issue Closing Date.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

ISSUE PROGRAM

BID/ISSUE OPENS ON: [•], 2006

BID/ISSUE CLOSES ON: [•], 2006

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

Undertakings by the Company

The Company undertakes as follows:

1. that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
2. that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
3. that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
4. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of issue, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund;
5. the Promoter's Contribution in full, shall be brought in advance by JHS before the Bid / Issue Opening Date;
6. that the refund orders or allotment advice to the successful Bidders shall be dispatched within specified time; and
7. that no further issue of Equity Shares shall be made till the Equity Shares issued through this Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under subscription etc.

Utilisation of Issue Proceeds

Our Board of Directors certifies that:

1. all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
2. details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
3. details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;
4. the Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received;
5. the utilization of monies received under Promoters' contribution shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which monies have been utilized; and
6. the details of all unutilised monies out of the funds received under Promoters' contribution shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Equity Shares of Indian companies is regulated by the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations framed thereunder read with the Industrial Policy of the Government of India as amended from time to time. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian Economy, FEMA regulates the precise manner in which such investments may be made. Under the Industrial Policy of Government of India, unless specifically restricted, foreign investment is freely permitted in Indian companies up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per the current foreign investment policy, foreign investment is allowed up to 24% in the Company. The government bodies responsible for granting foreign investment approvals are FIPB and RBI. As per the existing regulations, FIIs are permitted to subscribe to shares of an Indian company in a public issue without prior RBI approval, so long as the price of the equity shares to be issued is not less than the price at which equity shares are issued to residents. The maximum permissible FII investment our Company is restricted to 24% of its total issued capital. This can be raised to 100% by adoption of a special resolution by our Company's Shareholders; however, as of the date thereof, no such resolution has been recommended to our shareholders for adoption.

SECTION IX

DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

The salient features of the Articles of Association of the Company are as under:

Clause of the Article		Particulars
2	Applicability of Table "A"	Save as otherwise provided herein the regulations contained in Table "A" in Schedule to the Act shall apply to the Company.
4	Share Capital	The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time be provided under clause No. V of the Memorandum of Association of the Company. The minimum paid-up capital of the Company is Rs. 5,00,000/- (Rupees Five Lacs Only). The Company shall have the power to increase or reduce the capital for the time being of the Company and to divide the shares in the Capital into several classes with rights, privileges or conditions as may be determined. The Company may issue preference shares, which shall, or at the option of the Company shall be, liable to be redeemed.
5(1)	Increase in Share Capital	(1) Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then: - such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date. - such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined. - the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him. - After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit. (2) Notwithstanding anything contained in sub-section (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in sub clause (a) of sub clause (1) hereof, in any manner whatsoever. (a) If a special resolution to that effect is passed by the Company in

		General Meeting, or (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company. (3) Nothing in sub-clause (c) of (1) hereof shall be deemed: (a) To extend the time within which the offer should be accepted; or (b) To authorise any person to exercise the right of remuneration for a second time on the ground that person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation. (4) Nothing in these Articles shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company: (a) To convert such debentures or loans into shares in the Company; or (b) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise.) PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term: (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or the raising of the loans.
5A		Subject to the provisions of section 81 of the Act and these Articles, the shares (including any shares forming part of any increased capital of the Company) for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose off the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or in (Subject to the compliance with the provision of section 79 of the Act) at a discount and at such time, as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting provided that

		the option or right to call of shares shall not be given to any person except with the sanction of the Company in General Meeting.
6	Allotment	As regards all allotments made, from time to time, the Directors shall duly comply with Section 75 of the Act.
7	Issue of Preference Shares	Subject to the provisions of these Articles, the Company shall have power by special resolution to issue preference shares carrying a right to redemption out of the profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of such redemption is liable to be redeemed at the option of the Company and the Board may subject to the provisions of section 80 of the Act exercise such powers in such manner as may be provided in these Articles.
8	Commission	The Company may exercise the powers of paying commission conferred by Section 76 of the Act. In such case it shall comply with the requirements of that Section. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.
8A	Brokerage	The Company may on any issue of shares or debentures or on deposits pay such brokerage as may be reasonable and lawful.
9	Issue of Shares at Discount	With the previous authority of the Company in General Meeting and the sanction of the court and upon otherwise complying with section 79 of the Act, the Directors may issue at a discount shares of a class already issued.
10	Payment of Issue Price in Installment	If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the shares of by his executor or administrator.
11		The joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.
12	Registered holder of share to be absolute owner	Save as herein otherwise provided and subject to section 187C of the Companies Act, 1956, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as by statute required, be bound to recognize any equitable or other claim to or interest in such share on the part of any other person.
13		Shares may be registered in the name of any person, company or other body corporate. Not more than three persons shall be registered as joint-holders of any share. No share shall be allotted to or registered in the name of a person of unsound mind or a partnership.
14	Certificates	(a) The issue of share certificate and duplicates and the issue of new share certificate on consolidation of sub-division or in replacement of share certificates which are surrendered for cancellation due in their defaced, torn, old, decrepit or worn out of the cases for recording transfer having been utilised or of share certificates which are lost or destroyed shall be in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof. If any share certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Board and on such indemnity as the Board thinks fit being given, a new certificate in lieu thereof shall be given to the party entitled to the shares to which such lost or destroyed certificate shall relate. (b) Every member shall be entitled free of charge to one or more certificates in the marketable lot for all the shares of each class registered in his name or if the Board so approves, to several certificates each for one or more of such shares unless, the conditions of issue of any shares otherwise provide, the Company shall within two months after the date of

		either allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares) or within one month of receipt of the application for registration of the transfer of any of its shares, as the case may be, complete and have ready for delivery the certificate of such shares. In respect of any share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of the several joint holders named first on the Register shall be sufficient delivery to all such holders.
CALLS		
15	Calls on shares	The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the provisions of Section 91 of the Act, make such calls, as the Board thinks fit, upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by installment and shall be deemed to have been made when the resolution of the Board authorizing such call was passed.
16	Notice of Call	No call shall be made payable within one month after the last preceding call was payable.
17		Not less than thirty days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
18	Interest on delayed payment	a) If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holders for the time being in respect of the share for which the call shall have been made or the installment shall be due shall pay interest for the same at the rate of 12 (twelve) per cent per annum from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine. b) The Board shall be at liberty to waive payment of any such interest either wholly or in part.
19	Payment of Amount due	If by the terms of issue of any share or otherwise any amount is made payable upon allotment or at any time fixed time or by installments at fixed time, whether on account of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.
20	Evidence in actions by Company against Shareholders	On the trial or hearing of any action or suit brought by the Company against any shareholder or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the registered as a holder, or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, not that a quorum was present at the Board meeting at which any call was made, nor that the meeting at which any call was made was duly convened or constituted, nor any other matter but the proof of the matters aforesaid shall be conclusive evidence of the debt.
21	Call in Advance	The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the share held by him beyond the sum actually called for, and upon the money so paid or satisfied in advance or so much thereof as, from time to time, exceeds the amount of the calls then made, upon the share in respect of which such advance has been made, the Company may pay interest at such rate as the

		Board thinks fit. Money so paid in excess of the amount of calls shall not rank for dividends for confer a right to participate in profits. The Board may at any time reply the amount for confer a right to participate in profits. The Board may at any time reply the amount so advanced upon giving to such member not less than three months notice in writing.
22	Revocation of Call	A call may be revoked or postponed at the discretion of the Board.
FORFEITURE		
23	Notice in case of failure to pay Call	If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same, the Board may, at any time thereafter, during such time as the call for installment remains unpaid serve a notice on such member requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
24		The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.
25	Forfeiture in case of default	If the requisitions of any such notice as aforesaid are not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board of that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares but not actually paid before the forfeiture, subject to Section 205 A of the Act.
26	Notice of Forfeiture	When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
27	Board's Power to Sell/ Re-allot shares	Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose off the same in such manner, as it thinks fit.
28	Annulment of forfeiture	The Board may at any time before any share so forfeited shall have been sold, re-allot or otherwise dispose off, annul the forfeiture thereof upon such conditions, as it thinks fit.
29	Liability to pay Calls, interests, etc.	A person whose share has been forfeited shall ceases to be a member in respect of the share, but shall, notwithstanding such forfeiture remain liable to pay, and shall forthwith pay to the Company all calls, or installments, interests and expenses, owing upon or in respect of such share, at the time of the forfeiture together with interest thereon, from the time of the forfeiture until payment, at 12 (Twelve) per cent per annum or at such other rates as the Board may determine and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.
30	Conclusive evidence of Forfeiture	A duly verified declaration in writing that the declaring is a Director or the Secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the person to whom any such share, is sold shall be registered as the holder of such share and shall not be bound to see to the application of the

		purchase money, not shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.
31	Non-payment of other sums	The provisions of Articles 23 to 27 hereof shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
32		The Company shall have a first and paramount lien upon every share (not being fully paid-up) registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 12 thereof is to have full effect. Such lien shall extend to all dividends, from time to time, declared in respect of such share, Subject to Section 205 A of the Act, unless otherwise agreed the registration of a transfer of share operate a waiver of the Company's lien, if any, on such share.
33	Enforcement of Lien by Sale	For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or his committee, curator bonus or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for fourteen days after the date of such notice.
34	Application of Sale Proceeds	The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the persons entitled to the share at the date of the sale.
35	Validity of Sale of shares	Upon the sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of respect of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see the regularity of the proceedings nor to the application of the purchase money and after his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
36	Issue of New Share Certificate	Where any share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION		
37	Instrument of Transfer	Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or if no such certificate is in existence, the letter of allotment of the share. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation.
38	Application for Transfer	Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall in the case of a partly paid share be affected unless the Company gives the notice of the application to the transferee in the manner prescribed by Section 110 of the Act and subject to the provisions of these Articles the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name and the particulars of the transferee as if the application for registration of transfer was made by the transferee.
39	Form of Instrument of Transfer	The instrument of transfer of any share shall be in writing in the form prescribed by the Act or the Rules made thereunder or where no such form is prescribed in the usual common form prescribed by the Stock Exchange in India or as near thereto as circumstances will admit.
40	Refusal to Register Transfer	The Board may subject to the right of appeal under section 111A of the Companies Act, 1956 decline to register: a. The transfer of shares not being fully paid to a person whom they do not approve. b. Any transfer of shares on which company has a lien, provided that the registration of transfer shall not be refused on the ground being either alone or jointly with any person or persons indebted to the Company on any account except lien.
41	Transfer of Shares for a Minor, Insolvent, etc.	The Board shall not issue or register a transfer of any shares for a minor (except in case they are fully paid) insolvent or person of unsound mind.
42	Share Certificate to accompany Instrument of Transfer	Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the share to be transferred or, if no such certificate is in existence, by the letter of allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share and the transferee shall (subject to the Board's right to decline to register hereinabove mentioned) be registered as a member in respect of such share. Every instrument of transfer, which shall be registered, shall be retained by the Company, but any instrument of transfer, which the Board may refuse to register, shall be returned to the person depositing the same.
43	Notice of Refusal	If the Board refuses, whether in Article 40 or otherwise to register the transfer of, or transmission by operation of law of the right to, any share, the Company shall, give notice of the refusal in accordance with the provisions of Section 111(2) of the Act.
44	No fee to be charged	No fee shall be charged by the Company for registration and transmission of shares.
45	Transmission of	The executor or administrator of a deceased member (not being one of

	Registered Shares	several joint-holders) shall be the only person recognised by the Company as having any title to the share registered in the name of such member and in case of the death of any one or more of the joint-holders of any registered share, the survivor shall be the only person recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on the share held by him jointly with any other person. Before recognising any executor or administrator the Board may require him to obtain a Grant of Probate or Letters of Administration to other legal representation as the case may be, from a Court in India competent to grant it. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration or such other legal representation upon such terms as to indemnify or otherwise as the Board, in its absolute discretion, may think fit.
46	Transmission Article	Any committee or curator bonis of a lunatic or guardian of a minor member or any person becoming entitled to or to transfer a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give) be registered as a member in respect of such share or may subject to the regulation as to transfer hereinabove contained, transfer such shares. The Article is hereinafter referred to as "The Transmission Article".
47	Notice by person entitled to Transmission	a) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating he so elects. b) If the person aforesaid shall elect to transfer the shares, he shall testify his election by executing an instrument of transfer of the share. c) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice of transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
48	Entitlement to dividend and other advantages	A person so becoming entitled under the Transmission Article to a share be reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 83 and Section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he was the registered holder of the share. Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends bonuses or other moneys payable in respect of the share, until the requirements of the notice has been complied with.
INCREASE AND REDUCTION OF CAPITAL		
49	Alteration of Share Capital	The Company in General Meeting may, from time to time, alter the conditions of its Memorandum of Association to increase its capital by the creation of new shares of such amount and class as may be deemed expedient.
50	Terms of further issue of shares	Subject to any special rights for the time being attached to any shares in the capital of the Company then issued and to the provisions of Section 81 of the Act, the new shares may be issued upon such terms and

		conditions, and with such rights attached thereto as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, as the Board shall determine, and in particular such shares may be issued with a preferential right to dividends and in the distribution of assets of the Company.
52	Capital raised to be part of Existing capital	Except so far as otherwise provided by the condition of issue or by these presents, and capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and installments, transfer and transmission, forfeiture, lien, surrender and otherwise.
53	Difficulty in apportionment of new shares to be resolved by Board	If, owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares any difficulty shall arise in the apportionment of such new shares, or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.
54	Reduction of Capital	The Company may from time to time, by special resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner and with and subject to any incident authorised and consent required under Sections 100 to 104 of the Act.
54A	Dematerialisation of Shares	For the purpose of this Article: 'Beneficial Owner' means a person or persons whose name is recorded as such with a depository or as defined in clause (a) of Sub-Section (1) of Section 2 of the Depositories Act, 1996 from time to time. 'SEBI' means the Securities & Exchange Board of India; 'Securities' means such security as may be specified by SEBI from time to time. 'Bye-laws' means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996. 'Depositories Act' means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force. 'Depository' means a Company formed and registered under the Companies Act, 1956 and which has been "granted a certificate of registration under sub section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992. 'Registered Owner' means a Depository whose name is entered as such in the records of the Company. (a) Dematerialisation: Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing Securities, rematerialise its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any. (b) Options for Investors: Subject to Section 68B of the Act, every Person subscribing to Securities offered by the Company shall have the option to receive security certificates or to hold the Securities with a Depository. Such a Person

		who is the Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities in a manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of Securities. If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities. (c) Securities in Depositories to be in fungible form: All Securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners. (d) Rights of Depositories & Beneficial Owners: i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner. ii. Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it. iii. Every person holding Shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company. iv. The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository. (e) Service of Documents: Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs. (f) Transfer of Securities: i. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository. ii. In the case of transfer or transmission of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic or fungible form in a
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		Depository, the provisions of the Depositories Act shall apply. (g) Allotment of Securities dealt with in a Depository: Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities. (h) Certificate No. etc. of Securities in Depository: Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository. (i) Register and Index of Beneficial Owners: The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and Security holders for the purposes of these Articles.
ALTERATION OF CAPITAL		
55	Consolidation, Subdivision etc. of Capital	Subject to the applicable provisions of the Act, the Company in General Meeting may, from time to time: - Consolidate and divide all or any of its share capital into shares of large amount than its existing shares. - Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on such reduced share shall be the same it was in the case of the share from which the reduced share is derived. - Cancel any shares, which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. - Convert all or any of its fully paid shares into stock and reconvert that stock into fully paid up shares of any denomination.
56	Preferential advantage on sub-division	The resolution whereby any share is sub-division may determine that as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preferential or special advantage as regards dividend, capital, voting or otherwise over or as compared with the others or other, subject nevertheless, to the provision of Sections 85, 87, 88 and 106 of the Act.
57	Surrender of Shares	Subject to the provisions of Sections 100 to 105, both inclusive, of the Act, the Board may accept from any member the surrender on such terms and conditions, as shall be agreed, of all or any of his shares.
RIGHTS OF SHAREHOLDERS		
58	Transfer of Stock	The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations, as and subject to which the shares from which the stock arose might previously to

		conversion have been transferred, or an near thereto as circumstances admit; and the Board may from time to time, fix the minimum amount of stock transferable provided that such minimum shall not exceed the nominal amount of the shares from which stock arose.
59	Rights of Stockholders	The holders of stock shall, accordingly to the amount of stock held by them the same rights, privileges and advantages as regards dividends, voting at the meetings of the Company, and other matters as if they hold the shares from which the stock arose; but no such privileges of advantages (except participation in the dividends and profits of the Company and in the assets on a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
60	Articles applicable to Paid-up Shares to apply to Stock	Such of the Articles of the Company (other than relating to share warrants) as are applicable to paid-up shares shall apply to stock and the words "Shares" and "Shareholder" therein shall include "Stock" and "Stockholder" respectively.
SHARE WARRANTS		
61	Share Warrants	Subject to the provisions of Sections 114 and 115 of the Act and subject to any directions, which may be given by the Company in general meeting, the Directors may issue Share Warrants in such manner and on such terms and conditions as the Board thinks fit. In case of such case, regulation 40 to 43 of Table "A" of Schedule 1 of the Act shall apply.
MODIFICATION OF RIGHTS		
62	Modification of Rights	If at any time the share capital is divided into different classes, of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourth of the issued shares of that class or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of that class. To every such separate General Meeting the provisions of these Articles relating to general meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of that class, but so that if any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll, his voting rights shall be as per Section 87 of the Act. This article is not by implication to curtail the power of modification which the Company would have is this Article were omitted.
BORROWING POWERS		
63	Borrowing Powers	The Board may, from time to time and at its discretion, subject to the provisions of Sections 58A, 292, 293 and 370 of the Act and Regulations made thereunder and directions issued by Reserve Bank of India raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sum of money for the purposes of the Company.
64		The Board may raise or secure the repayment or payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and, in particular by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
65	Right to issue	Any debentures, debenture-stock, bonds or other securities may be issued

	Debentures and other Securities	at a discount, premium or otherwise and with any special rights, as to redemption, surrender, drawing, allotment of shares, appointment of Directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except in conformity with the provisions of Section 81(3) of the Act.
66	Transfer of Debentures	Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transfer and transferee has been delivered to the Company together with the certificate or certificates of the debentures.
GENERAL MEETINGS		
67	Annual General Meeting	In addition to any other meetings, Annual general Meetings of the Company shall be held within such intervals as are specified in Section 166(1) Read with Section 210(3) of the Act, and subject to the provisions of section 166(2) of the Act, at such times and places as may be determined by the Board. All other meetings of the Company shall except in the case of a statutory meeting, be called Extra Ordinary General Meetings and shall be convened under the provisions of next following Article.
68	Extraordinary General Meeting	The Board may, whenever it thinks fit, can call extraordinary general meeting, and it shall, on the requisition of the members in accordance with Section 169 of the Act proceed to call an Extraordinary General Meeting as provided by Section 169 of the Act.
69	Notice	The Company shall comply with the provisions of section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.
70		Subject to the provisions of Section 171 to 186 of the Act, notice of every meeting of the Company shall be given to such persons and in such manner as provided by Section 172 of the Act. Where any business consists of "Special Business" as hereinafter-defined in Article 72 there shall be annexed to the notice a statement complying with Sections 173 (2) and (3) of the Act. The accidental omission to give any such notice to or the non-receipt by any member of other persons to whom it should be given shall not invalidate the proceedings of the meeting.
PROCEEDINGS AT GENERAL MEETINGS		
71	Ordinary and Special Business	The ordinary business of an Annual General meeting shall be to receive and consider the Profit and Loss account, the Balance Sheet and the report of the Directors and of the Auditors, to elect Directors in the place of those retiring by rotation to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other General Meeting shall be deemed special business.
72	Quorum	Five members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the general meeting unless the quorum requisite be present at the commencement of the meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a member of the Company shall be deemed to be personally present if he is presented in accordance with Section 187A of the Act.

73		If within half an hour from the time appointed for the meeting a quorum be not present, the meeting if convened upon such regulation as aforesaid, shall be dissolved; but in any other case it shall stand adjourned in accordance with the provisions of sub-sections (3), (4) and (5) of Section 174 of the Act.
74	Passing of Resolution	Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act, unless either the Act or these Articles specifically require such act to be done or resolution passed as a Special Resolution as defined in Section 189(2) of the Act.
75	Chairman	The Chairman of the Board shall be entitled to take the chair at every General Meeting. If there be no such Chairman, or if at meeting he shall not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act, the members present shall choose another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair; then the members present shall on a show of hands or on poll if properly demanded, elect one of their numbers, being a member entitled to vote, to be chairman of the meeting.
76	Voting	Every question submitted to a meeting shall be decided, in the first instance by a show of hands and in case of equality if votes on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to the votes to which he may be entitled as a member.
77	Evidence of Votes cast	At any general meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provision of section 179 of the Act a declaration by the Chairman that the resolution has or has not been carried or has been carried either unanimously, or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the meeting of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes of cast in favour of, or against the resolution.
78	Poll	(1) If a poll be demanded as aforesaid, it shall be taken forthwith on a question of adjournment or election of a Chairman of the meeting and in any other case in such manner and at such time not being later than forty eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs and subject as aforesaid, either at once or on after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded. (2) The demand of poll may be withdrawn at any time, before the poll is held. (3) Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report to him thereon. (4) On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses. (5) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
79	Adjournment of Meeting	(1) The Chairman of a general meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at

		any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. (2) When a meeting is adjourned for less than 30 (thirty) days it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
79A	Postal Ballot	Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and/or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the Company: - (i) Any business that can be transacted by the Company in General Meeting; and (ii) Particularly, resolutions relating to such business as the Central Government, may by notification, declare to be conducted only by postal ballot. The Company shall comply with the procedure for such postal ballot and/ or other ways prescribed by the Central Government in this regard.
VOTES OF MEMBERS		
80	Votes of Members	(a) On a show of hands every member present in person and being holder of Equity Shares shall have one vote and every person present either as a proxy (as defined in Article 86) in behalf of a holder of Equity Shares as a duly authorised representative of a body corporate being a holder of an Equity Share shall, if he is not entitled to vote in his own right, have one vote. On a poll the voting rights of a holder of any Equity Share shall be as specified in Section 87 of the Act. (b) The holder of a preference share shall not be entitled to vote at general meeting of the Company except as provided for in Section 87 of the Act. At any meeting at which or upon any question the holders of the said Preference Shares are entitled to vote the said Preference Shares shall, on a show of hands, and on a poll confer the same voting rights as Equity Shares. (c) No body corporate shall vote by proxy so long as a resolution of its Board of Directors under the provisions of Section 187 of the Act is in force and the representative named in such resolution is present at the general meeting a which the vote by proxy is tendered.
81	Representation of a member being Company or Body Corporate	Where a Company or a body corporate (hereinafter called “member Company”) is a member of the Company, a person duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such member company at a meeting of the Company shall not, by reason of such appointment, be deemed to be a proxy, and the lodging with Company at the office or production at the meeting of a copy of such resolution duly signed by one Director of such member company and certified by him or them as being a true copy of the resolution shall, on production at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitle to exercise the same rights and powers, including the right to vote by proxy on behalf of the member company which he represents, as that member company could exercise if it were an individual member.

82	Right to Vote of person entitled under Transmission Article	Any person entitled under the Transmission Article to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the member registered in respect of such share, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or no-composite mentis, he may vote whether on a show of hands or a poll by his committee; curator or other legal curator and such last mentioned persons may give their votes by proxy.
83	Voting by Joint Holders	Where there are members registered jointly in respect of any one share any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such members be present at any meeting either personally or by proxy that one of the said members so present whose name stands first on the Register in respect of such shares alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name by share is registered shall for the purpose of this Article be deemed to be member registered jointly in respect thereof.
84	Voting on Poll	On a poll, votes may be given either personally or by proxy, or in case of a body corporate, by a representative duly authorised as aforesaid.
85	Instrument appointing Proxy	The instrument appointing a proxy shall be in writing under the hand of the appointer or his Attorney duly-authorised in writing or if such appointer is a body corporate be under its common seal or the hand of its officer or Attorney duly authorised. A proxy who is appointed for a specified meeting only shall be called a special proxy and any other proxy shall be called a general proxy. A person may be appointed a proxy whether he is a member or not of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him and the proxy need not to be a member of the Company.
86		The instrument appointing a proxy and the Power of Attorney or other Authority (if any) under which it is signed or a notarially certified copy of that power or Authority, shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.
87	Vote by Proxy	A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the Office before the vote is given, provided nevertheless the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
88	Instrument appointing Special Proxy	Every instrument appointing a special proxy shall be retained by the Company and shall as nearly as circumstances admit, be in the forms set out in Schedule IX to the Act or as near thereto as possible or in the form which the Board may accept.
89	Restriction on	No member shall be entitled to exercise any voting rights either

	Voting Rights when calls due	personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.								
90		(1) Any objection as to admission or rejection of vote either, on a show of hands or on poll made in due time shall be referred to the Chairman of the meeting who shall forthwith determine the same and such determination made in good faith shall be final and conclusive. (2) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.								
DIRECTORS										
91	No. of Directors	Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.								
92		The Company in general meeting may from time to time increase or reduce the number of Directors within the limits by Article 91.								
93	Appointment of First Directors, Institutional Directors not to retire by rotation	The following persons hereinafter named shall become and be the first Directors of the Company: <table><tr><td>(1)</td><td>Mrs. Sushma Nanda</td><td>(3)</td><td>Mr. Sohan Lal Sharma</td></tr><tr><td>(2)</td><td>Mr. Nikhil Nanda</td><td>(4)</td><td>Mr. D S Grewal</td></tr></table> If at any time the Company obtains any loans from any financial institution and/or any central or state Government referred to in the Articles as “The Corporation” or enters into underwriting arrangements with the Corporation and it is a term of such loans or of the underwriting arrangements that the Corporation shall have the right to appoint one or more Directors then subject to the terms and conditions of such loans or underwriting arrangements the corporation shall be entitled to appoint one or more Directors as the case may be, to the Board of Directors of the Company and to remove from office any Director, so appointed and to appoint another in his place or in the place of director appointed who resigns or otherwise Vacates his office. Any such appointment or removal shall be made in writing and shall be signed by the Corporation or by any person duly authorized by it and shall be served at the office of the Company. The Director or Directors so appointed shall not be liable to retire by rotation of Directors in accordance with provisions of these Articles, but he/they shall be counted in determining the number of retiring directors.	(1)	Mrs. Sushma Nanda	(3)	Mr. Sohan Lal Sharma	(2)	Mr. Nikhil Nanda	(4)	Mr. D S Grewal
(1)	Mrs. Sushma Nanda	(3)	Mr. Sohan Lal Sharma							
(2)	Mr. Nikhil Nanda	(4)	Mr. D S Grewal							
94	No Qualification Shares required	A Director of the Company shall not be required to hold any shares as his qualification.								
95	Remuneration of Directors, Managing Director, Whole Time Director	The remuneration of Directors for his service shall be such sum as may be fixed by the Board of Directors subject to a ceiling as may be prescribed by the Central Government from time to time for each meeting of the Board or a Committee thereof attended by him. The Directors subject to the sanction of the Central Government (if any required) may be paid such further remuneration as the Company in General Meeting shall, from time to time, determined and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine. Subject to the provisions of the Act, a Director who is either in the whole time employment of the Company or a Managing Director may be paid remuneration as provided in Sections 198, 309, 310 and 311 of the Act								

		and Schedule XIII of the Act either by way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other. Subject to the provisions of the Act, a Director who is neither in the Whole-time employment of the Company nor a Managing Director may be paid remuneration as provided in Sections 198, 309, 310 and 311 of the Act and Schedule XIII of the Act either: (i) by way of a monthly, quarterly or annual payment with the approval of the Central Government; or (ii) by way of commission if the Company by special resolution authorise such payment. Subject to the provisions of the Companies Act, 1956 and rules framed thereunder, each Director may receive out of the funds of the Company by way of sitting fees for his services a sum not exceeding the sum prescribed under the Companies Act 1956, for every meeting of the Board of Director or Committee thereof attended by him.
100		A Director of this Company may be or become a Director of any other Company promoted by this Company or in which it may be interested as a member, shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such company.
101	Directors may contract with the Company	Subject to the provisions of Section 297 and 299 of the Act, neither shall a Director be disqualified from contracting with Company either as vendor, purchase or otherwise for goods materials or services or for underwriting the subscription of any share in or debentures of the Company nor shall any such contract of arrangement entered into by or on behalf of the Company with a relative of such Director of a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director, be avoided not shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by any such contract, arrangement by reason of such Director holding office or of the fiduciary relating thereby established.
106	Filling of Casual Vacancy	If any Director appointed by the Company in General Meeting vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall remain in his office so long as the vacating Director would have retained the same of no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 110.
107	Retirement by rotation	At each Annual General Meeting of the Company, one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the member nearest to one-third shall retire from office.
108		Subject to the provisions of these Articles, the Director to retire by rotation at every Annual general Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day those to retire shall, in default of an subject to any agreement among themselves, be determined by lot.
111	Retirement by rotation for Managing Directors	(a) Subject to the provisions of Section 255 off the Act, a Managing Director shall not, while he continues to hold that office be subject to retirement by rotation. However, he shall be counted in determining the number of directors to be retired by rotation but (subject to the

		provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors and he shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause. However, he shall be counted in determining the number of meeting Directors. (b) If at any time the total number of Managing Directors is more than one-third of the total number of Directors, the Managing Directors who shall not retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Managing Director shall be determined by the date of their respective appointments as Managing Directors by the Board.
PROCEEDINGS OF DIRECTORS		
114	Meetings of Board of Directors	The Director may meet together as a Board for the dispatch of business from time to time unless the Central government by virtue of the proviso to section 285 of the Act otherwise directs shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit. The provision of this Article shall not be deemed to have been contravened merely by reason of the fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of quorum. Notice of every meeting of the Board of Directors shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director.
115		Director may at any time and the secretary shall upon the request of a Director made at any time, convene a meeting of the Board.
116	Appointment of Chairman	The Board may appoint a Chairman of its meetings and determine the period for which he is to hold office. If no Chairman is appointed, or if at any meeting of the Board the chairman be not present within five minutes after the time appointed for holding the same, Directors present shall choose some one of their number to be Chairman of such meeting.
117	Quorum for a Board Meeting	The quorum for a meeting of the Board shall be minimum two or $\frac{1}{3}^{\text{rd}}$ of total strength; whichever is higher subject to the provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time, as the chairman of the Board shall appoint.
118	Proceedings at the Board Meeting	A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, power and discretions by or under these Articles or the Act for the time being vested in or exercisable by the Board.
119		Subject to the provisions of Section 316 and 372(5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes the Chairman shall have a second or casting vote.
120		The Board may, subject to provisions of the Act, from time to time and at any time, delegate any of its power to a committee consisting of such Director or Directors as it thinks fit, and may, from time to time, revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed upon it by the Board.
121		The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far the same are applicable thereto, and or not superseded by any regulations made by the Board under the last preceding Article.

122		All acts done by the meeting of the Directors, or any Committee of Directors, or any person acting as a Director, shall notwithstanding that it may afterwards be discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified or had vacated office by virtue of any provisions contained in the Act or in these Articles be as valid as if every such Director or person had been duly appointed and was qualified to be a Director and had not vacated such office provided that nothing in this Article shall be deemed to give validity to acts done by a Director after the appointment of such Director has been shown to be invalid or to have terminated.
123		Save in those cases where a resolution is required by Sections 262, 292, 297, 319 and 372(5) and 386 of the Act or any other provisions of the Act to be passed at a meeting of the Board, resolution shall be valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted if it is passed by circulation in the manner as provided in section 289 of the Act.
POWERS OF BOARD		
125	Powers of Board	(a) Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of Association of the Company or by these Articles or otherwise, to be exercised or done by the Company in general meeting. Provided further that in exercised any such power doing any such or act thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of Association of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder including regulation made by the Company in general meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulations had not been made. (b) Without prejudice to the general powers conferred by the preceding Article, the Director may, from time to time and at any time, subject to the restrictions contained in the Act, delegate to managers, secretaries, officers, assistants and other employees or other persons any of the powers, authorities and discretions for the time being vested in the Board and the Board may, at any time remove any person so appointed and may annual or very delegation.
DIVIDENDS		
137	How profits shall be divisible	Subject to Section 205 of the Companies Act the rights of the members entitled to shares (if any) with preferential rights or special rights attached thereto, the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the Equity Shares in the Company but so that partly paid-up shares shall only entitled the holder with respect thereof to such proportion of the distribution upon a fully paid-up share as the amount paid thereon bears to the nominal amount of such shares. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but being if any share is issued on terms providing that it shall rank for dividend as from a particular date; such share shall rank for dividend

		accordingly. Where capital is paid-up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, rank for dividends or confer a right to participate in profits.
138	Declaration of Dividend	The Company in general meeting may declare to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.
139	Restriction on declaration of larger dividend	No larger dividends shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller dividend.
140	Dividends out of profits only	Subject to the provisions of Section 205 of the Act, no dividend shall be payable except out of the profits of the Company or out of moneys provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.
141	Net Profits as per Audited Accounts	The declaration of the net profit of the Company as stated in the audited Annual Accounts shall be conclusive.
142	Interim Dividend	The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.
143	Deduction of amounts due to Company	Subject to section 205A of the Act, the Board may deduct from any dividend payable to any member all sum of moneys, if any, presently payable by him to the Company on accounts of calls or otherwise in relation to the shares in the Company.
144	Set-off of Dividend against Call	Subject to Section 205A of the Act, any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixed not exceeding the amount remaining unpaid on the shares, but so that the call on each member also does not exceed the dividend payable to him and so the call be made payable at the same as the dividend and in such case the dividend may, if so arranged between the Company and the members, be set off against the call.
145	Payment of Dividend in Cash	No dividend shall be payable except in cash; provided that nothing in the foregoing shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company.
146	Transfer of Right to Dividend on registration	A transfer of share shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.
147	Payment of Interest on Capital	The Company may pay interest on capital raised for the construction of works or buildings when and so far as it shall be authorised to do by section 208 of the Act.
148	Payment to Registered Holder	No dividend shall be paid in respect of any share except to the registered holder of such share or to his order or to his bankers but nothing contained in this article shall be deemed to require the bankers of a registered shareholder to make a separate application to the Company for the payment of the dividend. Nothing contained in this Article shall be deemed to affect in any manner the operation of Article 147.
149	Receipts of Dividend	Any one of the several persons who are registered as the joint-holders of and share may give effectual receipts for all dividends, bonuses and other payments in respect of such share.
150	Notice of	Notice of any dividend, whether interim or otherwise shall be given to

	Dividend	the person entitled to share therein in the manner hereinafter provided.
151	Manner of Payment of Dividend	Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other moneys payable in cash in respect of any share may be paid by cheque or warrant sent through the post to the registered address of the members or in case of members who are registered jointly to the registered address of that one of such member who is first named in the Register in respect of joint-holding or to such person and to such address as the member or members who are registered jointly, as the case may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by forged endorsement of any cheque or warrant or fraudulent recovery thereof by any other means.
152	Unclaimed/ unpaid Dividend	Any unclaimed or unpaid dividend shall be dealt with and regulated under Section 205A of the Companies Act, 1956, and the rules made thereunder.
152A	Time limit for Payment of Dividend	The Company shall pay the dividend or send the warrant in respect thereof to shareholders entitled to the payment of dividend, within thirty days from the date of the declaration unless: (a) When the dividend could not be paid by reason of the operation of any law. (b) Where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with. (c) Where there is a dispute regarding the right to receive the dividend. (d) Where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or (e) Where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company
173	Indemnity	Subject to Section 201 of the Companies Act, 1956 every Director, Managing Director, Manager, Secretary or officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed as Auditor shall be indemnified out of the funds of the Company against all bonafide liability incurred by him as such Director, Managing Director, Manager, Secretary, Officer, employee or Auditor in defending any bonafide proceeding, whether Civil or Criminal in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

SECTION X

OTHER INFORMATION

1. LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These Contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh, for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated at Trilokpur Road, Kala Amb, Nahan District, Sirmour, Himachal Pradesh, India from 10.00 a.m. to 4.00 p.m. on working days from the date of this Draft Red Herring Prospectus until the Bid/ Issue Closing Date.

A. Material Contracts

1. Letter of Engagement dated March 13, 2006 from BRLMs offering its services to act as BRLMs to the Issue.
2. Letter of Engagement dated November 17, 2005 from Corporate Professionals offering its services to act as Legal Advisor to the Issue.
3. Memorandum of Understanding dated March 13, 2006 between the Company and the BRLMs to the Issue.
4. Memorandum of Understanding dated November 29, 2005 between the Company and Intime Spectrum Registry Limited as Registrars to the Issue.
5. Escrow Agreement dated [●] between the Company, the BRLMs, Syndicate Members, Escrow Collection Banks and the Registrar to the Issue.
6. Syndicate Agreement dated [●] between the Company, the BRLMs and the Syndicate Members.
7. Underwriting Agreement dated [●] between the Company, the BRLMs and the underwriters.

B. Material Documents

1. Certified true copies of Memorandum and Articles of Association of our Company as amended from time to time.
2. Certificate of incorporation dated October 8, 2004 issued by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh.
3. Certificate for Commencement of Business dated May 6, 2005.
4. Copy of the Takeover Agreements dated July 27, 2005 between the Company, Sunehari Svendgaard Laboratories, Sunehari Oral Care and Jai Hanuman Exports.
5. Copy of the Supplementary Agreements dated August 1, 2005 between the Company, Sunehari Svendgaard Laboratories, Sunehari Oral Care and Jai Hanuman Exports.
6. Copy of the resolution passed at the meeting of the Board of Directors held on September 19, 2005 and resolution passed under section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of the Company held on September 29, 2005 authorising the issue.
7. Resolution u/s 293(1)(d) dated April 19, 2005 for borrowing powers.
8. Copy of the Resolution of the members of the Company passed at the Extra-ordinary General Meeting held on April 19, 2005 approving the appointment of Mr. Nikhil Nanda as Managing Director for a period of 5 Years with effect from April 19, 2005 and approving the remuneration payable to him, along with form 25C with ROC fee receipts.
9. Copy of the Resolution of the members of the Company passed at the Extra-ordinary General Meeting held on January 14, 2006 approving the appointment of Mr. P. K. Manglik as Whole Time Director for a period of 5 Years with effect from December 1, 2005 and approving the remuneration payable to him, along with form 25C with ROC fee receipts.
10. Copy of the Resolution passed by the Remuneration Committee in their meetings held on August 12, 2005 and January 2, 2006 fixing the remuneration payable to Mr. Nikhil Nanda and Mr. P K Manglik respectively.

11. Annual Report for the year ended March 31, 2005.
12. Copy of the lease agreement for the property of Unit I-SSL located at B-1/E-23, Mohan Co-operative Industrial Area, Mathura Road, New Delhi- 110 044, dated October 1, 2005 between the Company and the promoter, Mr. Nikhil Nanda.
13. Copy of the lease agreement for the property of Unit II-SOC located at B-1/E-13, Mohan Co-operative Industrial Area, Mathura Road, New Delhi- 110 044, dated April 1, 2005 between the Company and M/s Berco Engineering Private Limited.
14. Copy of the Tenancy Agreement for the property of Unit III-JHE located at H-3A, SDF Block, NSEZ Noida, dated March 13, 2003 between the Company and M/s Berco Engineering Private Limited.
15. Copy of the Resolution of the members of the Company passed at the Extra Ordinary General Meeting held on January 14, 2006 appointing M/s Haribhakti & Co., Chartered Accountants as the statutory auditors.
16. Report of the Statutory Auditors, M/s Haribhakti & Co., Chartered Accountants, dated February 28, 2006 as mentioned in the Draft Red Herring Prospectus.
17. Letter dated March 10, 2006 from the auditors of the Company M/s Haribhakti & Co., Chartered Accountants confirming tax benefits as mentioned in the Draft Red Herring Prospectus.
18. Certificate from M/s Haribhakti & Co., Chartered Accountants dated February 28, 2006 regarding the sources and deployment of funds and amount committed.
19. Copy of the Board Resolution dated December 23, 2005 regarding appointment of the Company Secretary.
20. Copy of the Board Resolution dated January 21, 2006 regarding appointment of the Compliance Officer.
21. Consents of Auditors, Bankers to the Company, Book Running Lead Managers, Underwriters, Legal Advisors, Directors, Company Secretary, Compliance Officer, Registrars and Bankers to the Issue, to include their names in the Draft Red Herring Prospectus to act in their respective capacities.
22. General Power of Attorney executed by the Directors of our Company in favour of Mr. Nikhil Nanda, Managing Director, for signing and making necessary changes to this Draft Red Herring Prospectus and other related documents.
23. Resolution of the meeting of the Board of Directors held on August 1, 2005 for the formation of the Company's Audit Committee, Remuneration Committee and Resolution of the meeting of the Board of Directors held on November 25, 2005 for the formation of the Company's Share Transfer Committee.
24. In principle listing approvals from BSE and NSE dated [●] and [●] respectively;
25. Due Diligence Certificate dated March 14, 2006 to SEBI from UTI Bank Limited, Centrum Capital Limited and Bajaj Capital Limited.
26. SEBI observation letter no. [●] dated [●] and reply of the Book Running Lead Managers to the same dated [●].
27. Copy of Tripartite Agreement dated [●] between the Company, NSDL and the Registrar, M/s. Intime Spectrum Registry Limited;
28. Copy of Tripartite Agreement dated [●] between the Company, CDSL and the Registrar, M/s. Intime Spectrum Registry Limited;
29. Copy of the Board Resolution approving this Draft Red Herring Prospectus on March 13, 2006.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.

2. DECLARATION

We, the Directors of JHS Svendgaard Laboratories Limited, hereby declare that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the GoI or the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

(Sd/-)
Mr. D. S. Grewal
Chairman

(Sd/-)
Mr. Nikhil Nanda
Managing Director

(Sd/-)
Mr. Naveen Breja
Director

(Sd/-)
Mr. P.K Manglik
Whole Time Director

(Sd/-)
Mr. J. K. Rao
Director

(Sd/-)
Mr. Mukul Pathak
Director

(Sd/-)
Mr. Arvind Kumar Tiwari
Compliance Officer and G.M.– Finance & Legal Affairs

Place: New Delhi
Date: March 13, 2006