RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
100% Book Built Offer
Dated November 5, 2007

JYOTHY LABORATORIES LIMITED

(We were incorporated as Jyothi Laboratories Private Limited on January 15, 1992. We became a public limited company and our name was changed to Jyothi Laboratories Limited on October 6, 1995. We further changed our name to Jyothy Laboratories Limited on August 12, 1996. For details of the change in our name and Registered Office, please refer to the section titled "History and Corporate Structure" on page 64 of this Red Herring Prospectus.)

Registered and Corporate Office: 43, Shivshakti Industrial Estate, Andheri-Kurla Road, Marol, Mumbai 400 059
Company Secretary and Compliance Officer: Mr. M. L. Bansal

Tel: (91 22) 2850 2470; Fax: (91 22) 2850 1734; Email: ipo@jyothy.com; Website: www.jyothylaboratories.com

PUBLIC OFFER OF 4,430,260 EQUITY SHARES OF RS. 5 EACH THROUGH AN OFFER FOR SALE BY THE SELLING SHAREHOLDERS FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [•] PER EQUITY SHARE) AGGREGATING UP TO RS. [•] MILLION (THE "OFFER"). THE OFFER WOULD CONSTITUTE 30.52% OF THE FULLY DILUTED POST-OFFER PAID-UP CAPITAL OF JYOTHY LABORATORIES LIMITED ("COMPANY").

PRICE BAND: RS. 620 TO RS. 690 PER EQUITY SHARE OF FACE VALUE RS. 5 EACH

THE FLOOR PRICE IS 124 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 138 TIMES OF THE FACE VALUE

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

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

RISK IN RELATION TO FIRST PUBLIC OFFER

This being the first public offer of 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. 5 each and the Floor Price is 124 times of the face value and the Cap Price is 138 times of the face value. The Offer Price (as determined by the Company and the Selling Shareholders, in consultation with the BRLMs, 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 or regarding the price at which the Equity Shares will be traded after listing. This Offer has been rated by Credit Analysis & Research Limited as CARE IPO Grade 4 (Grade Four) indicating above average fundamentals. For details see the section titled "General Information" on page 9 of this Red Herring Prospectus.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer 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 Offer. For taking an investment decision, investors must rely on their own examination of the Company and the Offer including the risks involved. The Equity Shares offered in the Offer 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 Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page x of this Red Herring Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

We, having made all reasonable inquiries, accept responsibility for and confirm that this Red Herring Prospectus contains all information with regard to us and the Offer, which is material in the context of the Offer, that the information contained in this 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 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 ARRANGEMENT

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the NSE and BSE. We have received an 'in-principle' approval from the NSE and the BSE for the listing of the Equity Shares pursuant to their letters dated July 31, 2007 and August 1, 2007, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be NSE.

BOOK RUNNING LEAD MANAGERS

Kotak Mahindra Capital Company Limited
3rd Floor, Bakhtawar
229 Nariman Point
Mumbai 400 021
Tel: (91 22) 6634 1100
Fax: (91 22) 2283 7517
Email: jyothy.ipo@kotak.com
Website: www.kotak.com
Contact Person: Mr. Chandrakant Bhole

Enam Securities Private Limited
801/802, Dalamal Towers
Nariman Point
Mumbai 400 021
Tel: (91 22) 6638 1800
Fax: (91 22) 2284 6824
Email: jyothy.ipo@enam.com
Website: www.enam.com
Contact Person: Mr. Sachin K. Chandiwal

REGISTRAR TO THE OFFER

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai 400 078
Tel. : (91 22) 2596 0320
Fax. : (91 22) 2596 0329
Email: jyothylabs-ipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Sachin Achar

OFFER PROGRAMME

BID/OFFER OPENS ON: NOVEMBER 22, 2007 **BID/OFFER CLOSES ON: NOVEMBER 27, 2007**

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
"Company", "We", "Us", "Our", "Jyothy" and "JLL"	Jyothy Laboratories Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 43, Shivshakti Industrial Estate, Andheri-Kurla Road, Marol, Mumbai 400 059, unless the context indicates or specifies otherwise

Company Related Terms

Term	Description
Articles/Articles of Association	The Articles of Association of our Company
AICPL	Our Subsidiary, Associated Industries Consumer Products Private Limited, whose registered office is at Paschim Boragaon, Guwahati 781 033, Assam
Auditors	Our statutory auditors, M/s S. R. Batliboi & Associates, Chartered Accountants
Balaji Telebrands	Balaji Telebrands Limited, a company incorporated under the laws of India whose registered office is at Balaji House, C-13,Dalia Industrial Estate, New Link Road, Andheri West, Mumbai 400 053, which has been set up as part of the joint venture with Ms. Shoba Kapoor and Ms. Ekta Kapoor.
Board of Directors/Board	Our board of directors or a committee of our board of directors
Canzone	Canzone Limited, a company incorporated with limited liability under the laws of Mauritius whose registered office is at 5th Floor, One Cathedral Square, Jules Koenig Street, Port Louis, Mauritius and who is a Selling Shareholder for the purposes of the Offer
CDC	CDC Investment Holdings Limited, a company incorporated under the laws of Mauritius whose registered office is located at Les Cascades Building, Edith Cavell Street, Port Louis, and who is a Selling Shareholder for the purposes of the Offer
CSPL	Continental Speciale (India) Private Limited, a company incorporated under the laws of India whose registered office is at 7-1-24/2/D, Greendale, Ameerpet, Hyderabad- 500016, Andhra Pradesh, which has been set up as part of the joint venture with CCL Products (India) Limited
Directors	Our directors, unless the context indicates otherwise
ICICI Bank Canada	ICICI Bank Canada, a Schedule II bank under the Bank Act (Canada) whose principal place of business is at Exchange Tower, Suite 2130, 130 Kings Street West, P.O. Box 58, Toronto ONM5X 1B1, Canada, and who is a Selling Shareholder for the purposes of the Offer
ICICI Bank UK	ICICI Bank UK PLC, a banking company incorporated under the laws of England and Wales whose registered office is at 21, Knightsbridge, London SWIX 7LY, and who is a Selling Shareholder for the purposes of the Offer
Jyothy Laboratories	The sole proprietorship firm set up by our Promoter in 1983 that launched Ujala fabric whitener and which has since ceased business. For further details, see the section titled "History and Corporate Structure" on page 64 of this Red Herring Prospectus
Key Management Personnel	Those persons described in the section titled "Our Management—Key Management Personnel" on page 83 of this Red Herring Prospectus
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company

Term	Description
Registered Office	43, Shivshakti Industrial Estate, Andheri-Kurla Road, Marol, Mumbai 400 059
Preference Shares	12% redeemable preference shares in our Company with a face value of Rs. 100 each, all of which were redeemed on March 27, 2002
Promoter	Our promoter, Mr. M. P. Ramachandran
Promoter Group	The individuals, HUFs, companies, partnership and proprietorship firms described in the section titled "Our Promoter and Promoter Group—Promoter Group" beginning on page 87 of this Red Herring Prospectus
SARF	South Asia Regional Fund, a company incorporated with limited liability under the laws of Mauritius and whose registered office is at Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius, and who is a Selling Shareholder for the purposes of the Offer
Sri Sai Homecare	Our subsidiary, Sri Sai Homecare Products Private Limited, whose registered office is at Plot No. 47, Phase- I, I.D.A., Jeedimetla, Hyderabad- 500 055, Andhra Pradesh.

Offer Related Terms

Term	Description
Allotment/Allot	The transfer of Equity Shares from the escrow account created to hold the Equity Shares being offered by the Selling Shareholders, to the Allottee
Allottee	The successful Bidder to whom Equity Shares have been Allotted
Banker(s) to the Offer	ABN AMRO Bank, HDFC Bank Limited, ICICI Bank Limited and Kotak Mahindra Bank Limited
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid/Offer Closing Date	The date after which the Syndicate will not accept any Bids for the Offer, which shall be notified in an English national daily newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation
Bid/Offer Opening Date	The date on which the Syndicate shall start accepting Bids for the Offer, which shall be notified in an English national daily newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Offer
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of our Company in terms of the 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 Period/Offer Period	The period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Bid Price	The highest price at which the optional Bids have been made as indicated in the Bid cum Application Form
Book Building Process/Method	Book building mechanism provided in Chapter XI of the SEBI Guidelines, in accordance with which this Offer is being made
Book Running Lead Managers/BRLMs	Kotak Mahindra Capital Company Limited and Enam Securities Private Limited
CAN/Confirmation of	The note or advice or intimation of allocation of Equity Shares sent to the Bidders

Term	Description
Allocation Note	who have been allocated Equity Shares after discovery of the Offer Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Offer Price will not be finalized and above which no Bids will be accepted
Cut-off Price	The Offer Price finalized by our Company and the Selling Shareholders, in consultation with the BRLMs, which shall be any price within the Price Band
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Offer Account after the Prospectus is filed with the RoC, following which the Board of Directors shall give delivery instructions for transfer of Equity Shares to successful Bidders
Designated Stock Exchange	NSE
Draft Red Herring Prospectus/ DRHP	The Draft Red Herring Prospectus filed with SEBI on June 28, 2007
ENAM	Enam Securities Private Limited, a Book Running Lead Manager for the purposes of this Offer
Equity Shares	Equity shares of our Company of Rs. 5 each, unless the context indicates otherwise
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Offer and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among our Company, the Selling Shareholders, the Registrar, the BRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable refunds of the amounts collected to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account will be opened and in this case being ABN AMRO Bank, HDFC Bank Limited, ICICI Bank Limited and Kotak Mahindra Bank Limited
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, above which the Offer Price will be finalized and below which no Bids will be accepted
KMCC	Kotak Mahindra Capital Company Limited, a Book Running Lead Manager for the purposes of this Offer
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount
Mutual Fund Portion	The portion of the Offer available for allocation to Mutual Funds only, being 5% of the QIB Portion, which is 110,760 Equity Shares
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000
Non-Institutional Portion	The portion of the Offer available for allocation to Non-Institutional Bidders, which is 664,540 Equity Shares, which may be increased in the event of under-subscription in the QIB Portion or the Retail Portion
Offer	This public offer of 4,430,260 Equity Shares of Rs. 5 each at the Offer Price,

Term	Description
	through an Offer for Sale by the Selling Shareholders under the Red Herring Prospectus and the Prospectus
Offer for Sale	The offer of 4,430,260 Equity Shares of Rs. 5 each for sale by the Selling Shareholders
Offer Price	The final price at which Equity Shares will be offered under the Offer in accordance with the terms of the Red Herring Prospectus. The Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, on the Pricing Date
Offer Size	4,430,260 Equity Shares of Rs. 5 each to be offered at the Offer Price of Rs. [•] each for cash aggregating up to Rs. [•] million
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Offer Opening Date and extending until the Bid/Offer Closing Date; and With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/ Offer Opening Date and extending until the closure of the Pay-in Date
Price Band	Price range where the minimum price (floor of the price band) is Rs. 620 and the maximum price (cap of the price band) is Rs. 690 and including revisions to that price band
Pricing Date	The date on which our Company and the Selling Shareholders, in consultation with the BRLMs, finalize the Offer Price
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process and the size of the Offer
Public Offer Account	Account opened with the Bankers to the Offer to receive monies from the Escrow Account on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Offer available for allocation to QIBs, which is up to 2,215,130 Equity Shares, which may be increased in the event of under-subscription in the Non-Institutional Portion or the Retail Portion
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 Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million
Red Herring Prospectus/ RHP	This Red Herring Prospectus dated November 5, 2007 issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Offer. This Red Herring Prospectus will become a Prospectus after being filed with RoC after the Pricing Date.
Refund Account	Account opened with an Escrow Collection Bank from which refunds of the whole or part of the Bid Amount, if any, shall be made
Registrar to the Offer	Intime Spectrum Registry Limited
Retail Individual Bidder(s)	Individual Bidders (including HUFs and NRIs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the bidding options in

Term	Description
	the Offer
Retail Portion	The portion of the Offer available for allocation to Retail Individual Bidder(s), which is 1,550,590 Equity Shares, which may be increased in the event of under-subscription in the QIB Portion or the Non-Institutional Portion
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)
Selling Shareholders	Canzone Limited, ICICI Bank Canada, ICICI Bank UK PLC, South Asia Regional Fund and CDC Investment Holdings Limited
Stock Exchanges	The BSE and the NSE
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	Agreement among the Syndicate, our Company and the Selling Shareholders in relation to the collection of Bids in this Offer
Syndicate Members	Kotak Securities Limited
TRS/Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The agreement between the members of the Syndicate, Selling Shareholders and our Company to be entered into on or after the Pricing Date, which sets out, *inter alia*, the terms on which the Offer will be underwritten

Technical and Industry Terms

Term	Description
Dhoop	A variety of incense stick
FMCG	Fast moving consumer goods
HDPE	High density polyethylene, which we use in packaging
MRP	Maximum retail price
RSP	Retail selling price

Conventional/General Terms

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A body corporate registered under the SEBI (Depositaries and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act, 1996

Term	Description
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortization
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
Electronic Transfer of Funds	Refunds through ECS, NEFT, Direct Credit or RTGS as applicable
EPS	Earning Per Share
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed thereunder
FII	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
Financial Year/FY	Period of twelve months ended June 30 of that particular year, unless otherwise stated
FIPB	Foreign Investment Promotion Board, Government of India
FIR	First Information Report
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Government	The Government of India
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
MICR	Magnetic Ink Character Recognition
Listing Agreement	The listing agreement between the Company and the BSE and /or the NSE, as the context may require
m	Million
NAV	Net Asset Value
NEFT	National Electronic Funds Transfer
Non Residents/NR	Non-Resident is a Person resident outside India, as defined under FEMA and includes a Non-Resident Indian.
NRE Account	Non-Resident External Account
NRI/Non-Resident Indian	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
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

Term	Description
	or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Offer
p.a/P.A	Per Annum
PAN	Permanent Account Number
P/E Ratio	Price/Earnings Ratio
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000
RBI	The Reserve Bank of India
Reserve Bank of India Act/RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC/Registrar of Companies	The Registrar of Companies for Maharashtra situated at Everest Building, 100 Marine Drive, Mumbai 400 002
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI in relation thereto from time to time
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
UIN	Unique Identification Number
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our restated consolidated and unconsolidated financial statements prepared in accordance with Indian GAAP and restated in accordance with the SEBI Guidelines as set out in the section titled "Financial Statements" beginning on page 101 of this Red Herring Prospectus. Our current financial year commenced on July 1, 2007 and ends on June 30, 2008. All references to a particular financial year are to the twelve month period ending on June 30 of that year. All references to the 15 months ended June 30, 2004 refer to the fifteen month period from April 1, 2003 to June 30, 2004. In this Red Herring Prospectus, any discrepancies in a table between the total and the sum of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus is meaningful 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 Red Herring Prospectus will 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.

Currency of Presentation

In this Red Herring Prospectus, all references to "Rupees" and "Rs." are to the legal currency of India and all references to "U.S. Dollars" and "US$" are to the legal currency of the United States of America.

Industry and Market Data

Industry and market data used in this Red Herring Prospectus has generally been obtained from industry publications and sources such as *A.C. Nielson* (based on reports from June 2004 to July 2007) and *Euromonitor International* based on report dated December 2006. All references to A.C. Nielsen in this Red Herring Prospectus shall mean A.C. Nielsen ORG-MARG Private Limited. Further, unless stated otherwise, data obtained from A.C. Nielsen has been used pursuant to their consent letter dated June 18, 2007. These publications typically state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that the industry data used in the reports is reliable, it has not been verified.

The extent to which industry and market data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus that 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 expressions or variations of such expressions that are forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Dependence on our flagship brand;
- Political and regulatory environment;
- Any change to the retail environment, including actions by our competitors;
- Our ability to successfully implement our strategy, growth and expansion plans;
- Our exposure to market risks;
- The monetary and interest policies of India, inflation and deflation; and
- Our dependence on key personnel.

For further discussion of factors that could cause our actual results to differ from our expectations, see the section titled “Risk Factors” beginning on page x of this Red Herring Prospectus. By their nature, 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, the Selling Shareholders, the Syndicate nor any of their respective affiliates have any obligation to or intend to update or otherwise revise any statements to reflect events or circumstances arising after the date of this document. In accordance with SEBI requirements, we 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 securities involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding, you should read this section in conjunction with the sections entitled "Business" beginning on page 45 of this Red Herring Prospectus and "Management's Discussion and Analysis of Results of Operations and Financial Conditions" beginning on page 170 of this Red Herring Prospectus as well as the other financial and statistical information contained in this Red Herring Prospectus. Any of the following risks as well as the other risks and uncertainties discussed in this Red Herring Prospectus could have a material adverse effect 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. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

Internal Risk Factors

1. We depend heavily on our flagship brand Ujala. Any factor adversely affecting this product may negatively impact our profitability.

For the year ended June 30, 2007 and the year ended June 30, 2006, our flagship brand Ujala contributed 43.64% and 49.48% of our net sales, respectively. Our dependence over the last three financial years on Ujala has been steadily declining with increasing sales contributions from other products, primarily Maxo which contributed 35.84% and 32.63% of our net sales in the year ended June 30, 2007 and the year ended June 30, 2006, respectively. Notwithstanding, the contribution of Maxo, our net sales of Ujala continue to represent substantially all of our operating profit in the year ended June 30, 2007 and the year ended June 30, 2006. Any decline in the net sales of Ujala or Maxo or any other factor that negatively affects these products may adversely affect our market share, business and financial performance.

2. We face significant competition that may adversely affect our competitive position and financial performance.

We operate in a competitive retail environment in India. There are several strategies adopted by our competitors to increase their market shares through advertising, pricing, channel discounts, quality, service, multi-location operations, new product introductions and distribution reach, among others.

In order to protect our existing market share or capture market share in this highly competitive retail environment, we may be required to increase expenditure for advertising and promotions, and to introduce and establish new products. Due to inherent risks in the marketplace associated with advertising and new product introductions, including uncertainties about trade and consumer acceptance, increased expenditure may not prove successful in maintaining or enhancing our market share and could result in lower profitability. In addition, we may incur increased credit and other business risks as a result of competing for customers in a highly competitive retail environment.

In addition, we compete against a number of multi-national manufacturers and marketers, some of which are larger and have substantially greater resources than us, and which may therefore have the ability to spend more aggressively on advertising and marketing and have more flexibility to respond to changing business and economic conditions than us.

In the event we are unable to keep pace with our current or future competition, our business and financial performance could be adversely affected.

3. We incurred a net loss in financial year 2004.

In financial year 2004, we incurred a net loss of Rs. 230.82 million. During financial year 2004, we incurred substantial advertising, publicity and promotion costs in respect of our national launch of our Maxo and Jeeva products and the under-performance of our Jeeva brand in the market. For further information, see section titled "Management's Discussion and Analysis of Results of Operations and Financial Conditions" on page 170 of this Red Herring Prospectus.

4. The value of our brands, and our sales, could be adversely impacted if they are associated with negative publicity.

Our success in part depends on our ability to maintain the brand image of our existing products and effectively build up brand image for new products and brand extensions. This is particularly relevant for Ujala and Maxo and their extensions, which for the year ended June 30, 2007 and the year ended June 30, 2006 constituted 85.49% and 86.99% of our net sales, respectively. Product quality issues, real or imagined, or allegations of product defects, even when false or unfounded, could tarnish the image of the affected brands and may cause consumers to choose other products. In addition, because of changing government regulations or implementation thereof, allegations of product contamination or lack of consumer interest in certain products, we may be required from time to time to recall products entirely or from specific markets. Any negative publicity regarding us, our brands or our products, including those arising from concerns regarding quality, or any other event affecting product or service quality, could adversely affect our reputation, results of operations and financial condition.

5. There are outstanding litigations against us, our directors, our Promoter and members of our Promoter Group

We, our Directors, our Promoter and members of our Promoter Group are party to various legal proceedings that are pending at different levels of adjudication and before various courts.

Civil and Trademark Cases	There are six civil and trademark cases filed against the Company where quantifiable aggregating approximately Rs. 80,850
Criminal Cases	There are six criminal cases filed by the Company that are currently pending
Excise tax Cases	10 cases involving the Company*
Income tax Cases	Two cases involving the Company*
Sales tax cases	18 cases involving the Company*

* The aggregate amount involved in these cases is Rs. 148,978,244.

No assurances can be given that these matters will be settled in our favour or that no further liability will arise from them. Any adverse orders that may be passed in any such ongoing or potential litigation could impact our operations or profitability. Furthermore, should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities. There can be no assurance that the provisions we have made for litigation will be sufficient or that further substantial litigation will not be brought against us in the future.

For further details on the above matters, see the section titled "Outstanding Litigation and Material Developments" on page 185 of this Red Herring Prospectus.

6. The availability of spurious, look-alike, counterfeit products primarily in our domestic market, could lead to losses in revenues and harm the reputation of our products.

We are exposed to the risk that entities in India and elsewhere could pass off their products as ours, including spurious or counterfeit products. For example, certain entities could imitate our brand name, packaging material or attempt to create look-alike products. This could reduce our market share due to replacement of demand for our products, whereby we may not be able to recover our initial development costs or may experience a loss in revenues, and could also harm the reputation of our brands. The proliferation of spurious, look-alike, counterfeit products and the time and cost of defending claims and responding to complaints about spurious products could have a material adverse effect on our reputation, business, financial condition and results of operations.

7. The launch of new products that prove to be unsuccessful could impact our growth plans and may adversely impact earnings.

We have identified new product introductions in our selected business segments as one of the avenues for growth. Each of the elements of the new product initiatives carries significant risks, as well as the possibility of unexpected consequences, including:

- the acceptance of the new product initiatives by our retail customers may not be as high as we anticipate;
- sales of the new products to our retail customers may not be as high as we anticipate for a number of factors including product pricing;
- our marketing strategies for the new products may be less effective than planned and may fail to effectively reach the targeted consumer base or produce the desired consumption and the rate of purchases by our consumers may not be as high as we anticipate;

- we may incur significant advertising and promotion costs in respect of new products;
- we may incur costs exceeding our expectations as a result of the continued development and launch of the new products;
- we may experience a decrease in sales of certain of our existing products as a result of the introduction of related new products; and
- we may experience delays or other difficulties impacting our ability, or the ability of our third party manufacturers and suppliers, to manufacture or distribute products in a timely manner in connection with launching the new product initiatives.

Each of the risks referred to above could cause, delay or impede our ability to achieve our growth objectives, or we may not be successful in achieving our growth objectives at all, through these means, which could have a material adverse effect on our business, results of operations and financial condition.

8. We may not be successful in implementing our business strategies.

The success of our business may depend substantially on our ability to implement our business strategies effectively. Even if we have successfully executed our business strategies in the past, there is no guarantee that we can implement the same on time and within the estimated budget, or that we may be able to meet the expectations of our targeted customers.

9. We have closed down our loss making unit at Pannissery.

We have recently closed down our unit located at Pannissery, Kerala with effect from August 1, 2007 as this unit has been making losses. In the future we may have to close down units that are making losses. The same may take away management time and we may not be able to utilize machines and workmen at such units.

10. Our inability to manage growth could disrupt our business and reduce our profitability.

A principal component of our strategy is to continue to grow by expanding the size and geographical scope of our existing businesses, as well as the development of new businesses. This growth strategy may place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

11. Failure to successfully identify and conclude acquisitions or manage the integration of the businesses acquired or the performance of such businesses being below expectations may cause profitability and operations to suffer.

We have identified acquisitions as one of the avenues for our growth and have recently undertaken the acquisition of fabric whitener brands called "Ruby Liquid Blue" and "More Light". We intend to make acquisitions in the future as part of our strategy in India. We may not be able to identify or conclude appropriate or viable acquisitions in a timely manner. Further, the acquisitions may not necessarily contribute to our profitability and may divert management attention or require us to assume debt or contingent liabilities. In addition, we may experience difficulty in integrating operations and harmonizing cultures leading to a non-realisation of anticipated synergies or efficiencies from such acquisitions. These difficulties could disrupt our ongoing business.

12. If we fail to keep pace with the rapid changes in the industry and market it may result in a decline in demand for our products and a decline in sales.

The markets in which we operate are characterised by rapid change and frequent new product introductions. Customer preferences in this market may be difficult to predict, and changes in those preferences, the introduction of new products by our competitors or existing alternatives becoming affordable could put our products at a competitive disadvantage. We are vulnerable to reduced consumer demand for our products due to changes in consumer preferences.

Any delay in our reactions to changes in market conditions may affect the competitiveness of our products, thereby reducing our market share, which would result in a decline in our sales.

13. We are heavily dependent on our brands and their brand equity and the intellectual property rights related to our brands.

We are heavily dependent on our brands and their brand equity. The brands that we presently use in our business have been registered in India under the Trade Marks Act, 1999 in our name. For further information, see the section entitled "Government Approvals" beginning on page 198 of this Red Herring Prospectus. In addition, we have not yet obtained overseas trademark registration for some of our brands, under which we sell products abroad. Further, some of our intellectual property rights are registered in the name of our Promoter and his sole proprietorship firm, Jyothy Laboratories, and we have applied on September 13, 2002 for the transfer of registration in the name of our Company but the certificate showing the change in ownership has not yet been received. We have paid an amount of Rs. 10 million to Mr. MP Ramachandran for the transfer of intellectual property rights along with goodwill. In respect of our unregistered trademarks, we may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection. Additionally, we may be required to litigate to protect our brands, which may adversely affect our business operations. Further, there can be no guarantee that we will be able to obtain registration in respect of trademarks for which our applications are pending.

In addition, although we believe that we do not infringe upon the intellectual property rights of others and that we have all the rights necessary to use the intellectual property employed in our business, there can be no assurance that we have not inadvertently infringed a third party's intellectual property rights or that, whether founded or not, infringement claims will not be asserted against us in the future. Assertion of such claims against us could result in litigation. Any such claims, regardless of their outcome, could result in substantial costs to us and divert management's attention from our operations and require us to pay damages as well as cease operations using the intellectual property.

14. Growing penetration of emerging retail formats such as supermarket and hypermarket chains in India may adversely impact our margins.

India has witnessed the emergence of new supermarket and hypermarket chains in the recent past. While the current share of our revenues through these chains is not significant, it is expected that we will become increasingly reliant on supermarket and hypermarket chains for sales, especially in the larger cities. In general, the trade margins/discounts expected by supermarket chains is higher than traditional retail outlets. With the growth in these retail formats in India, we will have to increase the marketing of our products through this channel and possibly at lower margins, which may adversely impact our margins.

15. We depend heavily on our channel partners such as distributors and retailers and failure to manage the distribution network efficiently may adversely affect our performance.

We have developed an effective network of distributors and retailers. We are dependent on these channel partners for the distribution of our products. While relationships with them have been good, we have no standing contracts with any of these channel partners and most of these distributors and retailers function independently. Many of our distributors and channel partners also distribute products of our competitors. There can be no assurance that we will be successful in continuing to receive uninterrupted, high quality service from these channel partners for all our current and future products.

16. Our business is dependant on our manufacturing facilities and the loss of or shutdown of operations of any of these facilities could adversely affect our business.

Our own and outsourced production are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. Any significant operational problems, the loss of one or more of our facilities or a shutdown of one or more of our facilities for an extended period of time could adversely affect our business, results of operation and financial condition.

17. Shortfall in supply of input materials may affect our business and financial performance and price increases would increase operating costs and may reduce profits.

Substantially all our raw materials are purchased from third parties. We do not have any long-term supply contracts with respect to raw material used in the manufacture of our products. Raw materials are subject to price volatility caused by factors including commodity market fluctuations, the quality and availability of supply, currency fluctuations, consumer demand and changes in governmental agricultural programs. Raw material price increases result in corresponding increases in our raw material costs. The supply of insecticides used to manufacture mosquito coils is heavily regulated. We use a single supplier to obtain the chemicals and very few suppliers have the requisite permission to supply them in India. If these suppliers are, temporarily or permanently, unable to supply us with these raw materials, our business would be adversely affected.

We rely on the adequate and timely availability of key input materials. Any significant change in the cost structure or disruption in supply may affect the pricing and supply of products. If we are not able to increase our product prices to significantly offset increased raw material costs, or if unit volume sales are significantly reduced, it could have a negative impact on our profitability. This may adversely affect our business and financial performance.

18. As a manufacturing business, our success depends on the continuous supply and transportation of our products from our manufacturing units to our distributors and customers, which are subject to various uncertainties and risks.

We depend on trucking (domestically) and sea borne freight (for exports) to deliver our products from our manufacturing facilities to our distributors and customers. We rely on third parties to provide such services. Disruptions of transportation services because of weather-related problems, strikes, inadequacies in the road infrastructure and port facilities, or other events could impair our procurement of raw materials and our ability to supply our products to our customers. Any such disruptions could materially and adversely affect our business, financial condition and results of operations. In addition, transportation costs may increase in particular due to rising oil and gas prices. Any material increase in transportation costs may adversely impact our margins as we may not be able to increase our prices to fully recover these costs increases.

19. We are dependent in part on production we outsource to third parties and any significant loss or disruption of production from our third party manufacturers for any reason could adversely affect our business, results of operation and financial condition.

For the year ended June 30, 2007 and the year ended June 30, 2006, approximately 36.82% and 36.58% of our net sales, respectively, were from sales of our Maxo Maya and Exo Safai products that were produced by third parties. We manufacture the remainder of our products. Production at our outsourced facilities is beyond our control and any significant loss or disruption of production from our third party manufacturers for any reason could adversely affect our business, results of operation and financial condition.

20. Our success depends on our management team and an inability to retain and attract talented staff may adversely affect our business.

Our success is substantially dependent on the expertise and services of our management team. The loss of the services of key personnel may have an adverse effect on our business, financial condition and results of operations. Further, an increase in the rate of attrition of experienced employees would adversely affect our ability to implement our business strategies. We operate in a highly dynamic industry and there can be no assurance that we will be successful in recruiting and retaining a sufficient number of personnel with requisite skills to replace those personnel who leave. Further, our inability to attract and retain fresh talent could also hamper our ability to grow.

21. We may face labour disruptions that would interfere with our operations.

We are exposed to the risk of strikes and other industrial actions. As July 31, 2007, we employed over 3,400 full-time employees. Further, as on July 31, 2007, 470 of our employees were members of unions and we have entered into wage settlement agreements with them. If we were unable to renew those wage settlement agreements or negotiate favorable terms, we could experience a material adverse affect on our business. While we believe our relationship with our employees is currently good, we could experience strike, work stoppage or other industrial action in the future. Any such strike, work stoppage or industrial action by our own employees or the employees of our suppliers, transportation providers or manufacturers could disrupt our operations, possibly for a significant period of time, result in increased wages and other costs and otherwise have a material adverse effect on our business, results of operations or financial condition.

22. We rely on our information technology systems in managing our supply chain, production process, logistics and other integral parts of our business and any failure in our information technology systems could have a material adverse effect on our financial condition and results of operations.

Information technology systems are important to our business. We are heavily reliant on our information technology systems in connection with order booking, procurement of raw materials, accounting, production, distribution and our disaster recovery systems. Any failure in our information technology systems could result in business interruption, adversely impacting our reputation and weakening of our competitive position and could have a material adverse effect on our financial condition and results of operations.

23. Sales of our Maxo mosquito coils are seasonal and during periods of lower sales activity, our revenues may be delayed or reduced and may adversely impact our results of operations.

Sales of our Maxo mosquito coils are seasonal with a substantial part of our revenues from this product typically coming in the months of January to April and August and September. During periods of lower sales activity, we may continue to incur operating expenses, but our revenues may be delayed or reduced. This may adversely impact our results of operations during certain reporting periods.

24. We face the risk of potential liabilities from lawsuits or claims by consumers and this may result in liabilities and/or financial claims against us as well as loss of business and reputation.

We face the risk of legal proceedings and claims being brought against us by various entities including consumers and government agencies for various reasons including for defective products sold. Responding to complaints and dealing with claims takes time and can divert management's attention away from our operations. If some or all of these lawsuits or claims succeed it could adversely affect our business and financial performance. This may result in liabilities and/or financial claims against us as well as loss of business and reputation.

25. Our Promoter and Promoter Group will exercise significant control on us and may continue to do so as long as they own a majority of the Equity Shares, and the other shareholders may be unable to affect the outcome of shareholder voting during such time.

As at September 30, 2007 our Promoter and promoter group own 68.48% of our paid-up share capital and after completion of the Offer will continue to hold significant shareholding in us. So long as our Promoter and promoter group own a majority of the Equity Shares, they will be able to elect the entire Board of Directors and remove any director, by way of a resolution approved by a simple majority of shareholders in a general meeting. Our Promoter and promoter group will be able to control most matters affecting us, including the appointment and removal of officers; business strategy and policies; any determinations with respect to mergers, business combinations and acquisitions or dispositions of assets; dividend payout; and capital structure and financing. Further, the extent of Promoter and promoter group shareholding may result in delay or prevention of a change of management or control of the Company, even if such a transaction may be beneficial to the other shareholders.

26. Regulatory changes may adversely affect our performance or financial conditions.

Regulatory changes relating to business segments in which we operate in India and overseas, including tax incentives that are available to us, can have a bearing on our business. Each state in India has different local taxes and levies which may include sales tax and octroi. Further, changes in these local taxes and levies may impact our profits and profitability. Any negative changes in the regulatory conditions in India or our other geographic markets could adversely affect our business operations or financial conditions.

27. Compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our results of operations and financial condition.

As a company engaged in the manufacture of fabric whitener, mosquito repellant and skin care products, we are subject to a broad range of safety, health and environmental laws and regulations in the jurisdictions in which we operate. For instance, our production facilities located in India and the disposal and storage of raw materials, chemicals and wastewater from such production facilities are subject to Indian laws and Government regulations on safety, health and environmental protection. All these laws and regulations impose controls on our noise emissions, air and water discharges, on the storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of our operations and products. While we believe we are in compliance in all material respects with all applicable safety, health and environmental laws and regulations, the discharge of our raw materials that are chemical in nature or of other hazardous substances or other pollutants into the air, soil or water may nevertheless cause us to be liable to the Government of India or the State Governments where we operate or to third parties. In addition, we may be required to incur costs to remedy the damage caused by such discharges, pay fines or other penalties or close down the production facilities for non-compliance.

28. Most of our manufacturing facilities are uninsured and our insurance coverage may not adequately protect us against possible risk of loss.

Most of our manufacturing facilities are uninsured. We maintain insurance for certain risks including insurance against standard fire and shock in respect of two manufacturing locations which covers loss and damage due to fire. These insurance policies do not cover all risks and are subject to exclusions and deductibles. If any or all of our production facilities are damaged in whole or in part and our operations are interrupted for a sustained period, we may not be adequately insured to cover the losses that may be incurred as a result of such interruption or the costs of repairing or replacing the damaged facilities. If we suffer a large uninsured loss or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected. See the section titled "Business—Insurance" on page 57 of this Red Herring Prospectus.

29. We have entered into, and may continue to enter into, related party transactions.

We have in the course of our business entered into transactions with related parties that include our Promoter and companies forming part of our promoter group. We have also acquired selected assets and liabilities from certain of our promoter group companies. For more information regarding our related party transactions, see the section titled "Related Party Transactions" on page 97 of this Red Herring Prospectus. Further, our business is expected to involve transactions with such related parties, in the future.

30. We require certain approvals or licenses in the ordinary course of business, and the failure to obtain and retain them in a timely manner or at all may adversely affect our operations.

We require certain approvals, licenses, registrations and permissions for operating our business, some of which have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. For further information, please see the section titled "Government Approvals" beginning on page 198 of this Red Herring Prospectus. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. Furthermore, some of our government approvals or licenses may be subject to onerous conditions and require us to make substantial expenditure. If we fail to comply or a regulator claims we have not complied with these conditions, our business, prospects, financial condition and results of operations would be materially adversely affected.

31. This being a pure offer for sale, we will not receive any proceeds from this offer.

This Offer is being made by the Selling Shareholders and there is no fresh issue by the Company. Accordingly, the funds raised by the sale of our Equity Shares in this Offer will not come to our Company. The primary objects of the Offer are to achieve the benefits of listing of our Equity Shares and carry out the divestment of Equity Shares by the Selling Shareholders. We shall bear costs in relation to the listing fees for our Equity Shares, and we will not receive any proceeds from the sale of the Equity Shares by the Selling Shareholders. All costs and expenses related to the Offer shall be borne by the Selling Shareholders.

32. Additional issuances of Equity Shares may dilute your holdings and any future sale of Equity Shares by our Promoter may adversely affect the market price of our Equity Shares.

Any future issuance of our Equity Shares may dilute the positions of investors in our Equity Shares, which could adversely affect the market price of our Equity Shares. Additionally, sales of a large number of our Equity Shares by our Promoter or by any other future principal shareholder could adversely affect the market price of our Equity Shares. The perception that any such primary or secondary sale may occur could also adversely affect the market price of our Equity Shares.

33. Income tax and other tax exemptions may not be available in future and will affect our post-tax profits

Certain tax deductions are available to us in various states including the states of Assam, Himachal Pradesh, Kerala, West Bengal, Uttaranchal (Uttarakhand), Jammu and Kashmir and the union territory of Pondicherry under the Income Tax Act, 1961 (the "**Income Tax Act**"). Under section 80- IB, the amount of deduction in the case of an industrial undertaking set up in an industrial backward state, is 100 % of the profits and gains derived from such industrial undertaking for the first five assessment years and 30 % for the next five years if the undertaking is owned by a company. There can be no assurance that similar tax benefits will be available to us in future. When our tax benefits expire or terminate, our tax expense could materially increase, reducing our profitability.

34. One of our directors Mr. Bipin R. Shah was on the board of directors of Ashima Dyecot Limited, which has been classified as a 'defaulting company' by the Reserve Bank of India.

One of our directors, Mr. Bipin R. Shah was on the board of directors of Ashima Dyecot Limited for the period August 3, 1996 to November 5, 2003. During the tenure of his directorship, such company defaulted on a loan obtained from a term lending institution. Consequently this company was classified as a 'defaulting company' by the Reserve Bank of India.

35. We have contingent liabilities, which may adversely affect our financial condition.

As of June 30 2007, the contingent liabilities appearing in our restated unconsolidated financial statements are as follows:

Particulars	Amount Rs. million
Claims against the Company not acknowledged as debt	12.00
Guarantees given by the Company to banks	3.17
Tax Matters	57.56
Total	**72.73**

36. Some of our Promoter Group entities are engaged in the distribution of our products and may engage in business activities similar to ours and this could be a potential source of conflict of interest.

Some of our Promoter Group entities are engaged in the distribution of our products and may engage in business activities similar to those undertaken by our Company and this could be a potential source of conflict of interest. For example, a number of our distributors in southern India are owned or controlled by Promoter Group entities. While we have not in the past faced any actual conflict, we cannot assure you that no such conflict will arise in the future that may affect our financial conditions and prospects. Further, we cannot assure you that if any actual conflict of interest does arise, we will be able to resolve the conflict of interest in our favour.

External Risk Factors

We are an Indian company and all of our assets and customers are located in India. Consequently, our financial performance will be influenced by political, social and economic developments in India and in particular by the policies of the Government.

37. A slowdown in economic growth in India could adversely impact our business.

Our performance and the quality and growth of our assets are necessarily dependent on the health of the overall Indian economy India's economy could be adversely affected by a general rise in interest rates, weather conditions adversely affecting agriculture, commodity and energy prices, protectionist efforts in other countries or various other factors. In addition, the Indian economy is in a state of transition. The share of the services sector of the economy is rising while that of the industrial, manufacturing and agricultural sectors is declining. It is difficult to gauge the impact of these fundamental economic changes on our business. Any slowdown in the Indian economy, or future volatility in global commodity prices, could adversely affect our business.

38. Political instability or changes in the government could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects.

Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed many times since 1996. The current central government, which came to power in May 2004, is headed by the Indian National Congress and is a coalition of several political parties. Although, the current government has announced policies and taken initiatives that support the economic liberalization policies that have been pursued by previous governments, the rate of economic liberalization could change, and specific laws and policies affecting banking and finance companies, foreign investment and other matters affecting investment in our securities could change as well. Any major change in government policies due to coalition constraint might affect the growth of Indian economy and thereby our growth prospects.

39. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business. In addition, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares. India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

40. Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. For example, as a result of drought conditions in the country during fiscal 2003, the agricultural and allied sector recorded a negative growth of 6.9%. The erratic progress of the monsoon in 2004 affected sowing operations for certain crops. Furthermore, prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of our Equity Shares.

41. After this Offer, the price of Equity Shares may be highly volatile, or an active trading market for the Equity Shares may not develop.

The prices of the Equity Shares on the Stock Exchanges may fluctuate after this Offer as a result of several factors, including: volatility in the Indian and global securities market; our operations and performance; performance of our competitors; the perception in the market with respect to investments in the FMCG sector; adverse media reports about us or the Indian FMCG sector; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalisation and deregulation policies; and significant developments in India's fiscal regulations. There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Offer.

42. You will not be able to immediately sell any of the Equity Shares you purchase in this Offer on the Stock Exchanges.

The Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Under the SEBI Guidelines, we are permitted to allot equity shares within 15 days of the closure of the public offer. Consequently, the Equity Shares you purchase in this Offer may not be credited to your book or demat account with Depository Participants within 15 days of the closure of the Offer. You can start trading in the Equity Shares only after they have been credited to your demat account and listing and trading permissions are received from the Stock Exchanges.

Furthermore, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in Equity Shares will commence within the specified time periods.

43. There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all, and any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been allocated to investors. Approval will require all other relevant documents authorizing the allocation of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE and the NSE have in the past experienced problems, including temporary exchange closures. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares.

Notes to the Risk Factors

1. Public offer of 4,430,260 Equity Shares of Rs. 5 each through an Offer for Sale by the Selling Shareholders for cash at a price of Rs. [•] per Equity Share (including a share premium of Rs. [•] per Equity Share) aggregating Rs. [•] million. The Offer would constitute 30.52% of the fully diluted post-Offer paid-up capital of our Company.
2. Based on our restated consolidated financial statements, the net asset value per Equity Share, based on our net worth of Rs. 2915.06 million as of June 30, 2007, was Rs. 200.85 per Equity Shares with face value of Rs. 5.
3. The average cost of acquisition of our Equity Shares by our Promoter was Rs. 5 per Equity Share. For further information, see the section titled "Capital Structure—Notes to Capital Structure" on page 16 of this Red Herring Prospectus.
4. Save as disclosed in the section titled "Capital Structure—Notes to Capital Structure" on page 16 of this Red Herring Prospectus, we have not issued any Equity Shares for consideration other than cash.
5. Save as disclosed in the sections titled "Our Management", "Our Promoter and Promoter Group" and "Related Party Transactions" on pages 76, 86, and 97 of this Red Herring Prospectus, respectively, none of our Directors or Key Management Personnel are interested in our Company.
6. We have entered into related party transactions, details of which are disclosed in the section titled "Related Party Transactions" on page 97 of this Red Herring Prospectus.
7. In the event of under-subscription in any of the investor categories, the unsubscribed portion may be added to one of the other categories at the sole discretion of our Company, the Selling Shareholders and the BRLMs. In the event of over-subscription in any of the investor categories, allocation shall be on a proportionate basis. For further information, see the section titled "Offer Procedure—Basis of Allotment" on page 244 of this Red Herring Prospectus.
8. Before making an investment decision in respect of this Offer, you are advised to refer to the section "Basis for Offer Price" on page 25 of this Red Herring Prospectus.
9. We and the BRLMs are obliged to keep this Red Herring Prospectus updated and inform the public of any material change/development until listing.
10. You may contact the BRLMs for any complaints pertaining to the Offer including any clarification or information relating to the Offer. The BRLMs are obliged to provide the same to you.

SECTION III: INTRODUCTION

SUMMARY OF OUR BUSINESS

Overview

We are a fast moving consumer goods (FMCG) company in the fabric care, household insecticide, surface cleaning, personal care and air care segments of the Indian market and offer branded products including fabric whitener, mosquito repellent, dishwashing, bath and incense products. Our flagship brand Ujala liquid fabric whitener had a 68.1% market share by value in the Indian organized segment in 2006 according to A.C. Nielsen and, as per estimates from Marketpulse-IMRB's Household Purchase Panel, Ujala was purchased by 75.4 million surveyed households during the period April 1, 2006 to March 31, 2007. This represents 37% of the surveyed household population. We believe that our brands enjoy association with our core values including offering value-for-money products to the common man.

Our key brands are Ujala, Maxo, Exo, Jeeva, and Maya. The product line for Ujala (a 24 year old brand, used prior to incorporation of the Company) consists of fabric whitener, fabric stiffener and washing powder. Our Maxo product line consists of mosquito repellent coils, liquid vaporizers and aerosol sprays. Exo's product line includes dishwash bars and dish wash liquid with an anti-bacterial agent, dish wash powder, and dish scrubbers. We produce personal care products under the Jeeva brand and market air freshening incense sticks or agarbatti under our Maya brand. We also have entered into joint ventures to market and distribute coffee and spiritual dhoops.

Our Ujala fabric whitener and Maxo mosquito repellent coils occupy leading positions and have significant market shares in their respective product segments. Ujala's success led us to be ranked first in fabric whitener with a 71.7% market share in India by value for the month ended June 30, 2007. (Source A.C. Nielsen) Our Maxo mosquito repellent coils achieved a 20.7% market share in India by value for the month ended June 30, 2007. (*Source A.C. Nielsen*) In addition, our Exo dishwash bar achieved a 16.6% market share in southern India by value for the month ended June 30, 2007. (*Source A.C. Nielsen*) We intend to launch Exo nationally in 2008.

Our branded products are present throughout urban and rural India. We have focused the marketing and distribution of our products in various states in India and in both rural and urban areas, targeting our various brands and specific products to suit consumer needs and tastes. We have extended most of our brands nationally. Our brands are particularly well-known in southern India and Kerala, in particular. For example, in Kerala, our Ujala fabric whitener achieved a 96.6% market share by value in the year ended June 30, 2007 according to A.C. Nielsen.

Market share information for our Ujala fabric whitener and Maxo coils in India and Exo dishwashing powder in Southern India is set forth below.

	Market Share (%)							
Product Categories	**Year ended June 30, 2007**		**Quarter ended June 30, 2007**		**Month ended June 30, 2007**		**July 31, 2007**	
	Value	**Volume**	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**
Ujala Fabric Whitener	68.9	53.5	70.5	55.5	71.7	56.8	72.2	57.5
Maxo Coils	19.7	22.1	21.3	24.5	20.7	23.6	20.8	23.7
Exo Dishwashing Bar*	15.5	15.2	17.1	17.1	16.6	16.5	17.9	17.9

(*Source: A.C. Nielsen*)

* For Southern India only.

Strengths

We believe that we are well positioned to sustain and strengthen our position in the markets in which we compete as well as to exploit significant growth opportunities that exist in the expanding household goods sector, in both urban and rural India and abroad. We believe the following are our principal strengths:

Local presence and wide distribution reach

We have a local focus to the production, sales and distribution of our products. Our manufacturing facilities and sales offices are strategically located to ensure our local presence in key markets. We also hire local production, sales and distribution employees with knowledge of local languages and customs. We believe that our local presence and local focus gives us an advantage in understanding and communicating with our customers. Our local presence also provides us with the ability to launch new products and extensions at the local level (on shop shelves) in a short time.

We also have a wide distribution reach. We have established a distribution network across India with a sales staff of over 1,500 people servicing approximately 2,500 distributors. According to A.C. Nielsen, our Ujala fabric whitener was available in approximately 2.80 million outlets in India as on June 30, 2007. We believe that our field staff have a direct reach of approximately 1 million retail outlets.

Well recognised brand identity

We believe our portfolio of brands, including the brand images and consumer associations those brands enjoy, provides us with a broad platform to maintain and grow our revenues from those brands, including through our present products, product improvements and new products under our existing brands. In particular, we believe that our brands enjoy effective association with our core values like offering value for money products and service to the common man.

The success of our Ujala fabric whitener led us to be ranked first in fabric whitener with a 68.9% market share in India by value for the year ended June 30, 2007. (*Source A.C. Nielsen*). As per estimates from Marketpulse-IMRB's Household Purchase Panel, Ujala was purchased by 75.4 million surveyed households during the period April 1, 2006 to March 31, 2007. This represents 37% of the surveyed household population. In addition, Ujala was amongst India's 50 most trusted brands , and Ujala ranked 8th in the home and fabric care segment and 19th among class 2 cities in the Brand Equity Survey. (*The Economic Times, May 30, 2007, June 6, 2007*)

Our Maxo mosquito repellent coils achieved a 19.7% market share in India by value for the year ended June 30, 2007. (*Source A.C. Nielsen*) Maxo was the leading mosquito repellent coil in rural India in April 2007 (*Source: A.C. Nielsen*) and received "AAA Brand Performance Award" from All India Advertisers Association in 2002.

Focus on the rural markets

We believe that our focus on rural markets for our products will allow us to benefit from this growing sector where, as a result of difficulties with distribution, penetration of branded household care products has been slow. Maxo mosquito repellent coils were marketed to India's rural markets and became a leading coil brand in rural India where coils are more popular than other methods as a result of unreliable electricity supply. *Source: Euromonitor International, "Household Care", December 2006.* The market for FMCG in rural India is growing due to a monetary trickle-down effect from increased urbanization. Improved rural economic conditions have resulted in consumers shifting to branded and packaged products from unbranded products . In addition, good agricultural performance over 2003-2006 boosted rural household incomes, making rural consumers more interested in purchasing packaged household care products. For example, bar, detergents, household antiseptics/disinfectants and hand dishwashing liquid have benefited notably from this trend.

Innovation and product development

We believe a key factor in our ability to succeed and to continue to sustain and strengthen our business has been and will continue to be our ability to innovate and develop improvements to existing products and to create and introduce new products that will meet or create customer demands that are not presently being satisfied by available products. To do this, we have established an internal culture encouraging innovation and development. Members of our product development teams undergo competency-building training programs to gain better insight into consumer needs. In developing new products, they follow a structured process for identifying project ideas, testing hypotheses, establishing prospects, implementing improvements and sustaining benefits. This process has led to new product developments such as our fabric conditioner, Ujala Stiff & Shine and Jeeva natural soap. We have also been able to reduce the weight of our Ujala bottle that has lead to important raw material cost savings.

We have a research and development (R&D) team comprising of scientists and technicians from various disciplines. We have a product and formulation R&D centre and our R&D team aims at formulating innovative products and packaging concepts into aesthetically appealing product offerings for the benefit of consumers. This has enabled us successfully to identify and implement new products and product improvements.

Well-built employee base and proven management team

We believe that our employee base is a key competitive advantage. As of July 31, 2007, we employed a work force of approximately 3,440 employees in India. Our senior management team has a breadth of experience in the FMCG industry. 140 of the senior management team members have been with us for over 5 years. The skills and diversity of our employees gives us the flexibility to respond to the needs of our customers and consumers. We are dedicated to the development of expertise and know-how of our employees and continue to invest in them through training and skills.

Our well-qualified and experienced management team has played a key role in the development of good corporate governance, effective internal controls and accounting policies, efficient employee relations, and stable supply chain relationships.

Our Vision

Our vision is to develop innovative brands, to tap high growth categories and to reach underdeveloped markets and emerging categories to meet the day-to-day requirement of every Indian household. We also seek to promote our core values that include offering value for money products to the common man.

Our Strategy

We intend to work toward achieving our vision and to grow our business by implementing the following key strategies.

Leverage our dominant Ujala brand with other branded fabric care products

We plan to leverage the dominant market leadership of the Ujala brand with our Ujala Stiff & Shine and Ujala washing powder products. We intend to launch our Ujala Stiff & Shine product nationally in 2007. We believe that the well recognised brand equity of Ujala and our wide distribution reach will help us successfully develop Ujala Stiff & Shine as a national brand. We launched our Ujala washing powder in Kerala in 2005 and will launch the product in other southern Indian states in 2007. We believe our flourishing presence and local knowledge will allow us to develop Ujala washing powder as a well recognised regional brand.

Increase Maxo's Market Share and Presence

We plan to increase the market share and presence of our Maxo products

- through the introduction of liquid vaporizers and aerosol spray products;
- through an increase in market penetration of our products;
- through marketing and product enhancements designed to attract customers from segments of the population and from regions where our competition is tough;
- through sales and marketing efforts in Bangladesh where we can leverage the strength of our Maxo brand in West Bengal; and
- through the acquisition of local brands in select markets;

Utilize our wide distribution network and marketing expertise

We intend to utilize our wide distribution network and marketing expertise to attract joint venture partners with existing branded products as well as new and innovative product ideas. In the financial year ended June 30, 2007 and the financial year ended June 30, 2006 , we had consolidated net sales of Rs. 83.42 million and Rs. 60.59 million, respectively from our joint ventures and marketing contracts. Where possible we intend to obtain joint brand ownership and joint control over the marketing, sales and distribution of these branded products. For example, we have entered into joint ventures to market and distribute coffee and dhoop, which is a variety of agarbatti, aimed at customers with astrological interests and beliefs. We also have an agreement with Godrej Tea Limited to distribute its Godrej Tea brand tea in India.

In addition, our Board has approved a proposal to establish joint venture (with at least 75% of the equity owned by the Company) to manufacture and market our Ujala and Maxo products in Bangladesh. Our Board has approved an investment up to Rs. 75 million in this Bangladesh joint venture.

Improve efficiencies and manage our costs

We seek to improve efficiencies and costs from the sourcing of the raw materials to the supply of products to consumers. Certain areas identified by us for cost reduction projects include packaging design, raw material management, improving yields, tax structuring and structuring of financial transactions. We set cost improvement targets each year and offer performance based incentives to key managers to meet such targets. We believe that by aggressively seeking to cut costs throughout our production, distribution and sales process, we are able to sustain our culture of innovation and development and to compete more effectively with our competitors.

Increase focus on supermarket and hypermarket sales

India has in the recent past witnessed the emergence of new supermarket and hypermarket chains. While the current share of our revenues through these chains is not significant, it is expected that this may rise significantly in the next few years, especially in the larger cities. In general, the trade margins and discounts expected by supermarket chains in India are higher than traditional retail outlets. However, we believe that new supermarket and hypermarket chains generally provide an opportunity for better merchandising and visibility and cost savings through direct sales rather than through intermediaries and rationalization of packaging. As the presence and importance of new supermarket and hypermarket chains increases, we intend to adapt our distribution and selling strategies to take advantage of new benefits and seek to maintain and strengthen our brands and our sales.

Pursue selective acquisitions

We intend to make acquisitions in the future as part of our growth strategy in India. We intend to target acquisitions which will strengthen our market position in our key product areas or our manufacturing capabilities. For example, we acquired a local fabric whitener brand called "Ruby Liquid Blue" on April 19 ,2007 from Messrs. Bangalore Detergents and Plastic Company for a consideration of Rs. 10 million. We also acquired a fabric whitener brand called "More Light" on May 31, 2007 from Modern Chemical (India) & Mod Chem (India) Private Limited for a consideration of Rs. 9.5 million. We continuously evaluate acquisition opportunities that arise.

Summary of Industry

For details, please refer section titled "Industry" on page 36 of this Red Herring Prospectus.

THE OFFER

The following table summarizes the Offer details:

Equity Shares offered by:

The Selling Shareholders	4,430,260 Equity Shares
of which	
Qualified Institutional Buyers (QIBs) Portion**	up to 2,215,130 Equity Shares*
of which	
Available for Mutual Funds only***	110,760 Equity Shares*
Balance of QIB Portion (available for QIBs including Mutual Funds)	2,104,370 Equity Shares*
Non-Institutional Portion**	664,540 Equity Shares*
Retail Portion**	1,550,590 Equity Shares*

Pre and post-Offer Equity Shares

Equity Shares prior to the Offer	14,513,760 Equity Shares
Equity Shares after the Offer****	14,513,760 Equity Shares

Use of Offer proceeds

Our Company will not receive any proceeds from the Offer.

For further information, see the section titled "Objects of the Offer" on page 24 of this Red Herring Prospectus.

* *In the event of over-subcription, allocation shall be made on a proportionate basis.*

** *In the event of under-subscription in any of these categories, the unsubscribed portion may be added to one of the other categories at the sole discretion of our Company, the Selling Shareholders and the BRLMs.*

*** *In the event of under-subscription in the Mutual Fund Portion only, the unsubscribed portion would be added to the balance of the QIB Portion to be allocated on a proportionate basis to QIB Bidders.*

**** *As this Offer is through an Offer for Sale, there will be no change in the number of Equity Shares our Company has in issue as a result of the Offer.*

SUMMARY FINANCIAL INFORMATION

The following table sets forth summary financial information derived from our restated consolidated financial statements as of and for the fiscal year/period ended June 30, 2007, 2006, 2005, 2004, and March 31, 2003, which are included in this Red Herring Prospectus under the section titled "Financial Statements" on page 101 of this Red Herring Prospectus. The restated consolidated financial statements have been prepared in accordance with Indian GAAP and restated in accordance with the SEBI Guidelines. The summary financial information presented below should be read in conjunction with the restated consolidated financial statements included in this Red Herring Prospectus, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 170 of this Red Herring Prospectus.

Summary Statement of Consolidated Assets and Liabilities, as restated

(Amount INR Million)

PARTICULARS	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
FIXED ASSETS					
Gross Block	1,338.78	1,102.99	979.73	779.21	681.77
Less: Accumulated depreciation and impairment loss	(311.72)	(258.77)	(209.93)	(125.78)	(76.06)
Net Block	**1,077.06**	**844.22**	**769.80**	**653.43**	**605.71**
Capital work in progress (including capital advances)	573.06	83.79	94.14	204.39	141.30
Total	**1,650.12**	**928.01**	**863.94**	**857.82**	**747.01**
INTANGIBLE ASSETS	**27.52**	**11.28**	**14.54**	**18.82**	**25.11**
INVESTMENTS	**9.16**	**9.16**	**18.16**	**23.06**	**26.31**
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	414.14	249.60	198.54	217.46	193.91
Sundry debtors	407.36	323.72	334.10	261.10	570.88
Cash and bank balances	769.62	1,277.48	892.59	599.62	752.85
Other current assets—Sales promotion items	2.43	3.25	2.85	2.89	2.83
Loans and advances	142.56	99.43	189.08	178.42	192.97
Total	**1,736.11**	**1,953.48**	**1,617.16**	**1,259.49**	**1,713.44**
LIABILITIES AND PROVISIONS					
Secured loans		0.01	0.01	33.65	1,027.43
Unsecured loans	6.36	1.17	0.33	—	—
Current liabilities	390.39	237.43	279.97	211.02	253.75
Provisions	50.48	72.43	40.72	20.47	36.93
Deferred tax liability, net	60.62	52.66	20.46	4.91	37.83
Total	**507.85**	**363.70**	**341.49**	**270.05**	**1,355.94**
Net worth (A+B+C+D-E)	**2,915.06**	**2,538.23**	**2,172.31**	**1,889.14**	**1,155.93**
Net worth represented by					
Share capital	72.57	72.57	72.57	72.57	56.00
Reserves and surplus	2,843.25	2,465.66	2,099.74	1,816.57	1,099.93
Miscellaneous Expenditure (to the extent not written off or adjusted)	0.76	—	—	—	—
Net worth (F+G-H)	**2,915.06**	**2,538.23**	**2,172.31**	**1,889.14**	**1,155.93**

The above statement should be read with the notes on adjustments for consolidated restated financial statements and significant accounting policies as appearing in Annexure IV and IVA respectively.

Summary Statement of Consolidated Profits and Losses, as restated

(Amount INR Million)

PARTICULARS	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
INCOME					
Sales (gross)	4,338.31	3,663.01	3,175.52	3,463.34	3,142.61
Less: Sales tax recovered	(238.90)	(195.14)	(203.50)	(206.27)	(160.72)
Less: Excise duty recovered	(83.51)	(59.39)	(45.40)	(70.26)	(54.13)
Less: Trade discount	(397.02)	(389.15)	(273.14)	(242.86)	(99.25)
Net sales (refer note no. IV of annexure IV)	**3,618.88**	**3,019.33**	**2,653.48**	**2,943.95**	**2,828.51**
Other income	126.28	121.17	60.29	57.27	31.95
Total Income (A)	**3,745.16**	**3,140.50**	**2,713.77**	**3,001.22**	**2,860.46**
EXPENDITURE					
Materials consumed	1,928.09	1,425.32	1,359.81	1,665.65	1,453.22
(Increase)/Decrease in finished goods/work in progress	(31.54)	5.23	21.70	(56.63)	(6.96)
Employee costs	418.83	344.85	280.48	260.43	189.48
Operating and administrative expenses	432.64	420.22	320.61	429.78	329.62
Advertisement and publicity	292.64	266.91	292.34	487.54	519.08
Sales promotion and schemes	47.95	18.28	13.38	298.05	115.31
Provision for doubtful debts / Bad debts written off	0.73	75.66	31.09	3.48	1.22
Sub-total (B)	**3,089.34**	**2,556.47**	**2,319.41**	**3,088.30**	**2,600.97**
PROFIT BEFORE PRIOR PERIOD ITEM, EXCEPTIONAL ITEM, INTEREST, DEPRECIATION AND TAX (A-B)	**655.82**	**584.03**	**394.36**	**(87.08)**	**259.49**
Prior period item—Advertisement expenses	—	(28.50)	—	(24.94)	—
Prior period item—Trade discount expenses	—	(6.85)	—	—	—
Exceptional item—Provision for dimunition in investments	—	—	(60.00)	—	—
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	**655.82**	**548.68**	**334.36**	**(112.02)**	**259.49**
Interest and finance charges	1.79	1.47	0.80	20.08	21.74
Depreciation, amortisation and impairment	65.90	56.50	49.90	57.95	25.45
TOTAL	**67.69**	**57.97**	**50.70**	**78.03**	**47.19**
PROFIT BEFORE TAX	**588.13**	**490.71**	**283.66**	**(190.05)**	**212.30**
Provision for tax					
—Current tax (including short/excess provision for current tax of earlier years)	66.15	53.50	29.50	0.89	14.50
—Deferred tax	(2.60)	32.20	28.68	(32.92)	20.66
—Fringe benefit tax	10.14	5.73	1.80	—	—
—Wealth tax	0.27	0.43	0.11	0.13	0.14
TOTAL	**73.96**	**91.86**	**60.09**	**(31.90)**	**35.30**
NET PROFIT BEFORE ADJUSTMENTS	**514.17**	**398.85**	**223.57**	**(158.15)**	**177.00**
ADJUSTMENTS	**(32.75)**	**67.05**	**109.14**	**(72.67)**	**(80.21)**
(refer note no. I-1 of annexure IV)					
NET PROFIT, AS RESTATED	**481.42**	**465.90**	**332.71**	**(230.82)**	**96.79**
Profit and loss amount at the beginning of the year / period	107.04	44.57	(13.41)	217.41	296.41
Balance available for appropriation, as restated	**588.46**	**510.47**	**319.30**	**(13.41)**	**393.20**
APPROPRIATIONS					

(Amount INR Million)

PARTICULARS	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
Interim dividend on equity shares	72.57	72.57	10.89	—	—
Tax on interim dividend	10.18	10.18	1.42	—	—
Proposed dividend on equity shares	18.14	18.14	10.89	—	14.00
Tax on proposed dividend	3.08	2.54	1.53	—	1.79
Transfer to general reserve	400.00	300.00	250.00	—	160.00
TOTAL	**503.97**	**403.43**	**274.73**	**—**	**175.79**
BALANCE CARRIED FORWARD, AS RESTATED	**84.49**	**107.04**	**44.57**	**(13.41)**	**217.41**

The above statement should be read with the notes on adjustments for consolidated restated financial statements and significant accounting policies as appearing in Annexures IV and IVA respectively.

GENERAL INFORMATION

Our Registration Details

Jyothy Laboratories Limited
43, Shivshakti Industrial Estate,
Andheri-Kurla Road,
Marol,
Mumbai 400 059

Registration No.: 11-128651
Corporate Identification No.: U24240MH1992PLC128651

We are registered with the RoC for Maharashtra situated at Everest Building, 100 Marine Drive, Mumbai 400 002.

Our Board of Directors

Name	Designation
Mr. M. P. Ramachandran	Executive Director (Chairman and Managing Director)
Mr. K. Ullas Kamath	Executive Director (Deputy Managing Director)
Ms. M. R. Jyothy	Executive Director
Mr. Nilesh B. Mehta	Non-executive independent Director
Mr. K. P. Padmakumar	Non-executive independent Director
Mr. Bipin R. Shah	Non-executive independent Director

For further details of our Directors, see the section titled “Our Management—Our Board of Directors” on page 76 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. M. L. Bansal
Jyothy Laboratories Limited,
43, Shivshakti Industrial Estate,
Andheri-Kurla Road,
Marol,
Mumbai 400 059.

Tel: (91 22) 2850 2470
Fax: (91 22) 2850 1734
Email: ipo@jyothy.com

Investors can contact the Compliance Officer or the Registrar for the Offer in case of any pre or post-Offer related problems, such as non-receipt of letters of allocation, credit of Allotted Equity Shares in the respective beneficiary account, refund orders etc.

Book Running Lead Managers

Kotak Mahindra Capital Company Limited
3rd Floor, Bakhtawar,
229 Nariman Point,
Mumbai 400 021.

Tel: (91 22) 6634 1100
Fax: (91 22) 2283 7517
Email: jyothy.ipo@kotak.com
Website: www.kotak.com
Contact Person: Mr. Chandrakant Bhole

Enam Securities Private Limited
801/802, Dalamal Towers,
Nariman Point,
Mumbai 400 021.

Tel: (91 22) 6638 1800
Fax: (91 22) 2284 6824
Email: jyothy.ipo@enam.com
Website: www.enam.com
Contact Person: Mr. Sachin K. Chandiwal

Syndicate Members

Kotak Securities Limited
1st Floor, Bakhtawar,
229 Nariman Point,
Mumbai 400 021.

Tel: (91 22) 6634 1100
Fax: (91 22) 6630 3927
Email: umesh.gupta@kotak.com
Website: www.kotak.com
Contact Person: Mr. Umesh Gupta

Domestic Legal Advisor to the Offer

Amarchand & Mangaldas & Suresh A. Shroff & Co.
5th Floor, Peninsula Chambers,
Peninsula Corporate Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai 400 013.

Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

International Legal Advisor to the BRLMs

Dorsey and Whitney
21 Wilson Street,
London EC2M 2TD,
England.

Tel: (44 20) 7588 0800
Fax: (44 20) 7588 0555

Registrar to the Offer

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg,
Bhandup (West),
Mumbai 400 078

Tel: (91 22) 2596 0320
Fax: (91 22) 2596 0329

Email: jyothylabs-ipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Sachin Achar

Auditors to the Company

S.R. Batliboi & Associates
Chartered Accountants
6th Floor, Express Towers,
Nariman Point,
Mumbai - 400 021

Tel: (91 22) 2287 6485
Fax: (91 22) 2287 6401

Bankers to the Offer and Escrow Collection Banks

ABN AMRO BANK
Brady House, 14 Veer Nariman Road,
Hornimon Circle, Fort,
Mumbai 400 001

Tel. (91 22) 66585817
Email: Akhouri.malay@in.abnamro.com
Contact Person: Mr. Malay Akhouri

HDFC Bank Limited
26, A, Narayanan Properties,
Chandivali Farm Road,
Andheri (East),
Mumbai 400 072
Tel. (91 22) 28569009
Fax: (91 22) 28569256
Email: rakesh.watal@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Rakesh Watal

ICICI Bank Limited
Capital Markets Division,
30 Mumbai Samachar Marg,
Mumbai 400 001

Tel. (91 22) 22627600
Fax: (91 22) 22611138
Email: venkataraghavan.t@icicibank.com
Website: icicibank.com
Contact person: Mr. Venkataraghavan T A

Kotak Mahindra Bank Limited
158, CST Road,
Dani Corporate Park,
4th Floor, Kalina,
Santacruz (East),
Mumbai 400 098

Tel. (91 22) 67594850
Fax: (91 22) 66482710
Email: Ibrahim.sharief@kotak.com/
Mahesh.shekdar@kotak.com
Website: www.kotak.com
Contact Person: Mr. Ibrahim Sharief / Mr. Mahesh Shekdar

Bankers to our Company

ICICI Bank Limited
163, HT Parekh Marg
Backbay Reclamation
Mumbai 400 028

Tel. (91 22) 6653 8787
Fax: (91 22) 6653 8855
Email: corporatecare@icicibank.com
Contact Person: Ms. Ashwini Kadam

The Federal Bank Limited
A-8, 9, 10 Laram Centre,
S. V. Road,
Andheri (West),
Mumbai 400 058.

Tel. (91 22) 2628 8115
Fax. (91 22) 2624 9636
Email: bbyb@federalbank.co.in
Contact Person: Mr. Vinay Kumar Seth

Credit Rating

As this is an Offer of Equity Shares, there is no credit rating.

Trustees

As this is an Offer of Equity Shares, the appointment of a trustee is not required.

IPO Grading

This Offer being has been rated by Credit Analysis & Research Limited as CARE IPO GRADE 4 (Grade four) indicating above average fundamentals. For details in relation to the Report of the Grading Agency, refer to “Annexures” beginning on page 263. Attention is drawn to the disclaimer appearing on page 2 of the report of Credit Analysis & Research Limited.

Statement of Inter-Se Allocation of Responsibility

The responsibilities for various activities in this Offer are set out below:

Activity	Responsibility	Co-ordinator
Capital structuring with relative components and formalities such as type of instruments etc.	KMCC & ENAM	KMCC
Due-diligence of the Company, including its operations, management, business plans, legal etc. Drafting and design of the Red Herring Prospectus and of statutory advertisement, including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI, including finalization of Prospectus and the RoC filing.	KMCC & ENAM	KMCC
Drafting and approving all statutory advertisements.	KMCC & ENAM	KMCC
• Approval of all non-statutory advertisements, including corporate advertisements; • Preparation and finalization of the road-show presentation; and • Preparation of Frequently Asked Questions for the road-show team.	KMCC & ENAM	ENAM
Appointment of intermediaries viz. printer(s), and advertising agency for the Offer.	KMCC & ENAM	KMCC
Appointment of Registrar to the Offer and Banker(s) to the Offer.	KMCC & ENAM	ENAM
Non-institutional and retail marketing of the Offer, which will cover, *inter alia*: • Formulating marketing strategies and preparation of publicity budget; • Finalizing media and public relations strategy; • Finalizing centers for holding conferences for brokers etc.; • Following up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material; and • Finalizing collection centers.	KMCC & ENAM	ENAM
Institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy; • Finalizing the list and division of investors for one to one meetings; and • Finalizing road show schedule and investor meeting schedules.	KMCC & ENAM	KMCC
Co-ordination with Stock Exchanges for Book Building software, bidding terminals and mock trading.	KMCC & ENAM	ENAM
Managing the book and finalization of pricing in consultation with the Company.	KMCC & ENAM	KMCC
Post-Bidding activities, including management of Escrow Accounts, co-ordination of allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post-Offer activities will involve essential follow-up steps, including finalization of trading and dealing of instruments and dispatch of certificates and demat and delivery of shares with the various agencies connected with the work such as the Registrar to the Offer and the bank handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	KMCC & ENAM	ENAM

Monitoring Agency

There is no requirement to appoint a monitoring agency for the Offer under clause 8.17.1 of the SEBI Guidelines.

Book Building Process

Book building, with reference to the Offer, refers to the process of collection of Bids within the Price Band on the basis of the Red Herring Prospectus. The Offer Price is finalized after the Bid/Offer Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Selling Shareholders;
- the BRLMs;
- the Syndicate Members, who must be intermediaries registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s) and eligible to act as Underwriters, and who are appointed by the BRLMs; and
- the Registrar to the Offer.

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

QIBs are not allowed to withdraw their Bids after the Bid/Offer Closing Date. Pursuant to amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid/Offer Closing Date. For further details, see the section titled "Terms of the Offer" beginning on page 222 of this Red Herring Prospectus.

We will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Offer. In this regard, we have appointed the BRLMs to manage the Offer and procure subscriptions to the Offer.

The Book Building Process under SEBI Guidelines is subject to change from time to time and investors are advised to make their own judgment about investment through this process prior to making a Bid in the Offer.

Illustration of Book Building Process and Price Discovery Process (*Investors should note that this example is solely for illustrative purposes and is not specific to the Offer*)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, an offer size of 3,000 equity shares and receipt of five bids from bidders, out of which one bidder has bid for 500 shares at Rs. 24 per share while another has bid for 1,500 shares at Rs. 22 per share. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book given 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%
1,500	22	3,000	100%
2,000	21	5,000	166.67%
2,500	20	7,500	250%

The price discovery is a function of demand at various prices. The highest price at which the company is able to offer the desired number of shares is the price at which the book cuts off i.e. Rs. 22 in the above example. The company and any selling shareholders, in consultation with BRLMs, will finalize the offer price at or below such cut off price, i.e. at or below Rs. 22. All bids at or above the offer price and cut off bids are valid bids and are considered for allocation in the respective categories.

Underwriting

After the determination of the Offer Price and allocation of the Equity Shares that are proposed to be sold pursuant to the Offer, but prior to filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount of monies devolved in the event that their respective 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 the filing of the Prospectus with the RoC)

Name and address of the Underwriters	Indicative no. of Equity Shares underwritten	Amount underwritten (Rs. in million)
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021. Tel: (91 22) 6634 1100 Fax: (91 22) 2283 7517 Email: jyothy.ipo@kotak.com Website: www.kotak.com Contact Person: Mr. Chandrakant Bhole	[•]	[•]
Enam Securities Private Limited 801/802, Dalamal Towers Nariman Point, Mumbai 400 021. Tel: (91 22) 6638 1800 Fax: (91 22) 2284 6824 Email: jyothy.ipo@enam.com Website: www.enam.com Contact Person: Mr. Sachin K. Chandiwal	[•]	[•]
Kotak Securities Limited 1st Floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021. Tel: (91 22) 6634 1100 Fax: (91 22) 6630 3927 Email: umesh.gupta@kotak.com Website: www.kotak.com Contact Person: Mr. Umesh Gupta	[•]	[•]

The above mentioned amount is indicative underwriting and will be finalized after the pricing and allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [•], has accepted and entered into the Underwriting Agreement on behalf of our Company.

Notwithstanding the above table, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations set out in the Underwriting Agreement, will also be required to procure subscriptions for or subscribe to Equity Shares to the extent of the defaulted amount.

CAPITAL STRUCTURE

Share Capital Before and After the Offer

Our capital structure before the Offer and after giving effect to the Offer, as at the date of filing of this Red Herring Prospectus with SEBI, is set out below:

		Aggregate value at face value of Rs. 5each (Rs.)	Aggregate value at Offer Price (Rs.)
A. Authorized share capital			
20,000,000 Equity Shares		100,000,000	
B. Issued, subscribed and paid-up capital before the Offer			
14,513,760 Equity Shares		72,568,800	
C. Offer in accordance with this Red Herring Prospectus			
Equity Shares offered by:			
The Selling Shareholders	4,430,260 Equity Shares	22,151,300	[●]
D. Issued, subscribed and paid-up capital after the Offer			
14,513,760 Equity Shares		72,568,800	
E. Share premium account			
Before the Offer		1,065,312,325	
After the Offer		1,065,312,325	

Authorized Share Capital History

1. Our initial authorized capital of Rs. 2,000,000 comprising 400 equity shares with a face value of Rs. 5,000 each was increased to Rs. 5,000,000 comprising 1,000 equity shares of Rs. 5,000 each pursuant to a resolution of the shareholders at an EGM held on July 24, 1993.
2. The authorized capital of Rs. 5,000,000 comprising 1,000 equity shares of Rs. 5,000 each was increased to Rs. 10,000,000 comprising 2,000 equity shares of Rs. 5,000 each pursuant to a resolution of the shareholders at an EGM held on March 27, 1995.
3. The authorized capital of Rs. 10,000,000 comprising 2,000 equity shares of Rs. 5,000 each was reclassified and increased to Rs. 50,000,000 divided into 4,500,000 Equity Shares with a face value of Rs. 10 and 50,000 Preference Shares with a face value of Rs. 100 pursuant to a resolution of the shareholders at an EGM held on March 26, 1997.
4. The authorized capital of Rs. 50,000,000 comprising 4,500,000 Equity Shares and 50,000 Preference Shares was increased to Rs. 60,000,000 comprising 5,500,000 Equity Shares and 50,000 Preference Shares pursuant to a resolution of the shareholders at an EGM held on December 24, 1997.
5. The authorized capital of Rs. 60,000,000 comprising 5,500,000 Equity Shares and 50,000 Preference Shares was increased to Rs. 65,000,000 comprising 6,000,000 Equity Shares and 50,000 Preference Shares pursuant to a resolution of the shareholders at an EGM held on February 1, 2000.
6. The authorized capital of Rs. 65,000,000 comprising 6,000,000 Equity Shares and 50,000 Preference Shares was increased to Rs. 100,000,000 comprising 9,500,000 Equity Shares and 50,000 Preference Shares pursuant to a resolution of the shareholders at an AGM held on September 29, 2001.
7. The authorized capital of Rs. 100,000,000 comprising 9,500,000 Equity Shares and 50,000 Preference Shares was reclassified into 10,000,000 Equity Shares pursuant to a resolution of the shareholders at an EGM held on September 7, 2002.
8. The authorized capital of Rs. 100,000,000 comprising 10,000,000 equity shares of Rs. 10 each was split into 20,000,000 Equity Shares of Rs. 5 each pursuant to a resolution of the shareholders at an EGM held on June 9, 2007.

Selling Shareholders

The details of the Equity Shares being offered by each of the Selling Shareholders as part of the Offer are as follows:

Selling Shareholders	No. of Equity Shares offered
Canzone Limited	782,130
ICICI Bank Canada	1,451,200
ICICI Bank UK PLC	1,414,800
South Asia Regional Fund	391,066
CDC Investment Holdings Limited	391,064
TOTAL	**4,430,260**

Notes to Capital Structure

1. *Share Capital History of our Company*

1.1 Equity Share Capital History

Date of allotment	No. of equity shares	Face value per equity share (Rs.)	Issue price per equity share (Rs.)	Nature of payment	Reason for allotment	Cumulative no. of equity shares	Cumulative issued equity share capital (Rs.)	Cumulative equity share premium (Rs.)
January 15, 1992	20	5,000	5,000	Cash	Allotment to Mr. M. P. Ramachandran as subscriber to the Memorandum	20	100,000	Nil
January 15, 1992	20	5,000	5,000	Cash	Allotment to Ms. M. G. Santhakumari as subscriber to the Memorandum	40	200,000	Nil
February 2, 1992	20	5,000	5,000	Cash	Preferential allotment to Mr. M. P. Ramachandran	60	300,000	Nil
February 2, 1992	20	5,000	5,000	Cash	Preferential allotment to Ms. M. G. Santhakumari	80	400,000	Nil
February 25, 1993	120	5,000	5,000	Cash	Preferential allotment to Mr. M. P. Ramachandran	200	1,000,000	Nil
March 26, 1994	611	5,000	5,000	Cash	Preferential allotment to Mr. M. P. Ramachandran	811	4,055,000	Nil
March 26, 1994	22	5,000	5,000	Cash	Preferential allotment to Ms. M. G. Santhakumari	833	4,165,000	Nil
March 26, 1994	67	5,000	5,000	Cash	Preferential allotment to Ms. M. R. Jyothi	900	4,500,000	Nil
February 1, 1995	1	5,000	5,000	Cash	Preferential allotment to Mr. M. K. Panjan	901	4,505,000	Nil
February 1, 1995	1	5,000	5,000	Cash	Preferential allotment to Mr. M. P. Divakaran	902	4,510,000	Nil
February 1, 1995	1	5,000	5,000	Cash	Preferential allotment to Mr. M. P. Sidharthan	903	4,515,000	Nil
February 1, 1995	1	5,000	5,000	Cash	Preferential allotment to Ms. U. B. Beena	904	4,520,000	Nil
February 1, 1995	1	5,000	5,000	Cash	Preferential allotment to Ms. K. K. Sujatha	905	4,525,000	Nil
February 1, 1995	1	5,000	5,000	Cash	Preferential allotment to Ms. M. R. Deepthy	906	4,530,000	Nil

Date of allotment	No. of equity shares	Face value per equity share (Rs.)	Issue price per equity share (Rs.)	Nature of payment	Reason for allotment	Cumulative no. of equity shares	Cumulative issued equity share capital (Rs.)	Cumulative equity share premium (Rs.)
February 17, 1995	5	5,000	5,000	Cash	Preferential allotment to Mr. M. K. Panjan	911	4,555,000	Nil
February 17, 1995	9	5,000	5,000	Cash	Preferential allotment to Mr. M. P. Divakaran	920	4,600,000	Nil
February 17, 1995	9	5,000	5,000	Cash	Preferential allotment to Mr. M. P. Sidharthan	929	4,645,000	Nil
February 17, 1995	5	5,000	5,000	Cash	Preferential allotment to Ms. U. B. Beena	934	4,670,000	Nil
February 17, 1995	5	5,000	5,000	Cash	Preferential allotment to Ms. K. K. Sujatha	939	4,695,000	Nil
February 17, 1995	59	5,000	5,000	Cash	Preferential allotment to Ms. M. R. Deepthy	998	4,990,000	Nil
April 3, 1995	826	5,000	5,000	Cash	Preferential allotment to Mr. M. P. Ramachandran	1,824	9,120,000	Nil
April 3, 1995	27	5,000	5,000	Cash	Preferential allotment to Mr. M. P. Sidharthan	1,851	9,255,000	Nil
April 3, 1995	1	5,000	5,000	Cash	Preferential allotment to Mr. M. P. Divakaran	1,852	9,260,000	Nil
April 3, 1995	30	5,000	5,000	Cash	Preferential allotment to Ms. M. G. Santhakumari	1,882	9,410,000	Nil
July 1, 1995	97	5,000	5,000	Cash	Preferential allotment to Mr. M. P. Ramachandran	1,979	9,895,000	Nil
January 8, 1996	20	5,000	5,000	Cash	Preferential allotment to Mr. M. P. Divakaran (HUF)	1,999	9,995,000	Nil
March 27, 1997					Each equity share with a face value of Rs. 5,000 sub-divided into 500 equity shares which have a face value of Rs. 10 each	999,500	9,995,000	Nil
March 27, 1997	2,190,280	10	10	Cash	Preferential allotment to Mr. M. P. Ramachandran	3,189,780	31,897,800	Nil
March 27, 1997	68,570	10	10	Cash	Preferential allotment to Ms. M. G. Santhakumari	3,258,350	32,583,500	Nil
March 27, 1997	2,680	10	10	Cash	Preferential allotment to Ms. M. R. Jyothy	3,261,030	32,610,300	Nil
March 27, 1997	300	10	10	Cash	Preferential allotment to Mr. M. K. Panjan	3,261,330	32,613,300	Nil
March 27, 1997	301,090	10	10	Cash	Preferential allotment to Mr. M. P. Divakaran	3,562,420	35,624,200	Nil
March 27, 1997	203,800	10	10	Cash	Preferential allotment to Mr. M. P. Sidharthan	3,766,220	37,662,200	Nil
March 27, 1997	153,280	10	10	Cash	Preferential allotment to Ms. U. B. Beena	3,919,500	39,195,000	Nil

Date of allotment	No. of equity shares	Face value per equity share (Rs.)	Issue price per equity share (Rs.)	Nature of payment	Reason for allotment	Cumulative no. of equity shares	Cumulative issued equity share capital (Rs.)	Cumulative equity share premium (Rs.)
March 27, 1997	300	10	10	Cash	Preferential allotment to Ms. K. K. Sujatha	3,919,800	39,198,000	Nil
March 27, 1997	75,200	10	10	Cash	Preferential allotment to Mr. M. P. Divakaran (HUF)	3,995,000	39,950,000	Nil
March 27, 1997	100,000	10	10	Cash	Preferential allotment to Mr. M. P. Ramachandran (HUF)	4,095,000	40,950,000	Nil
March 27, 1997	60,000	10	10	Cash	Preferential allotment to Mr. M. P. Sidharthan (HUF)	4,155,000	41,550,000	Nil
March 30, 1998	463,700	10	10	Cash	Preferential allotment to Mr. M. P. Ramachandran	4,618,700	46,187,000	Nil
March 30, 1998	41,450	10	10	Cash	Preferential allotment to Ms. M. G. Santhakumari	4,660,150	46,601,500	Nil
March 30, 1998	29,000	10	10	Cash	Preferential allotment to Mr. M. P. Sidharthan	4,689,150	46,891,500	Nil
March 30, 1998	31,450	10	10	Cash	Preferential allotment to Mr. M. P. Divakaran	4,720,600	47,206,000	Nil
March 30, 1998	190,600	10	10	Cash	Preferential allotment to Ms. M. R. Jyothy	4,911,200	49,112,000	Nil
March 30, 1998	57,000	10	10	Cash	Preferential allotment to Ms. M. R. Deepthy	4,968,200	49,682,000	Nil
March 30, 1998	16,050	10	10	Cash	Preferential allotment to Ms. U.B. Beena	4,984,250	49,842,500	Nil
March 30, 1998	750	10	10	Cash	Preferential allotment to Ms. K. K. Sujatha	4,985,000	49,850,000	Nil
March 30, 1998	750	10	10	Cash	Preferential allotment to Mr. M.K. Panjan	4,985,750	49,857,500	Nil
March 30, 1998	10,000	10	10	Cash	Preferential allotment to Mr. M. P. Divakaran (HUF)	4,995,750	49,957,500	Nil
March 30, 1998	6,000	10	10	Cash	Preferential allotment to Mr. M. P. Sidharthan (HUF)	5,001,750	50,017,500	Nil
March 31, 1999	40,000	10	10	Cash	Preferential allotment to Mr. M. P. Ramachandran (HUF)	5,041,750	50,417,500	Nil
March 27, 2000	500,000	10	285	Cash	Preferential allotment to Baring India Investments Limited	5,541,750	55,417,500	137,500,000
June 1, 2000	58,250	10	285	Cash	Preferential allotment to Baring India Investments Limited	5,600,000	56,000,000	153,518,750
November 22, 2003	414,220	10	582.42	Conversion of Debentures	Conversion of debentures for CDC Financial Services (Mauritius) Limited	6,014,220	60,142,200	390,626,550

Date of allotment	No. of equity shares	Face value per equity share (Rs.)	Issue price per equity share (Rs.)	Nature of payment	Reason for allotment	Cumulative no. of equity shares	Cumulative issued equity share capital (Rs.)	Cumulative equity share premium (Rs.)
November 22, 2003	414,220	10	582.42	Conversion of Debentures	Conversion of debentures for South Asia Regional Fund	6,428,400	64,284,400	627,734,350
November 22, 2003	828,440	10	582.42	Conversion of Debentures	Conversion of debentures for Canzone Limited	7,256,880	72,568,800	1,101,949,950
June 9, 2007					Each equity share with a face value of Rs. 10 sub-divided into 2 equity shares which have a face value of Rs. 5 each	14,513,760	72,568,800	1,101,949,950

1.2 Preference Share Capital History

Date of allotment	No. of Preference Shares	Face value per Preference Share (Rs.)	Issue price per Preference Share (Rs.)	Nature of payment	Reason for allotment	Cumulative no. of Preference Shares	Cumulative issued Preference Share capital (Rs.)	Cumulative Preference Share premium (Rs.)
March 27, 1997	3,784	100	100	Cash	Allotment to D. K. Parikh	3,784	378,400	Nil
March 27, 1997	5,096	100	100	Cash	Allotment to H. S. Mehta	8,880	888,000	Nil
March 27, 1997	2,565	100	100	Cash	Allotment to I. H. Mehta	11,445	1,144,500	Nil
March 27, 1997	1,743	100	100	Cash	Allotment to R. D. Parikh	13,188	1,318,800	Nil
March 27, 1997	2,545	100	100	Cash	Allotment to S. V. Subramanium	15,733	1,573,300	Nil
March 27, 1997	1,267	100	100	Cash	Allotment to Vaidhyanathan	17,000	1,700,000	Nil
March 30, 1998	1,500	100	100	Cash	Allotment to R. D. Parikh	18,500	1,850,000	Nil

The entire issued Preference Share capital of our Company was redeemed at face value pursuant to a resolution of the Board of Directors at a meeting held on March 15, 2002. The authorized share capital of our Company was then reclassified from Rs. 100,000,000 comprising 9,500,000 Equity Shares and 50,000 Preference Shares into Rs. 100,000,000 comprising 10,000,000 Equity Shares pursuant to a resolution of the shareholders at an EGM held on September 7, 2002. We no longer have preference share capital.

2. Promoter Contribution and Lock-in

All Equity Shares being locked-in are eligible for computation of Promoter's contribution and lock-in under clause 4.6 of the SEBI Guidelines.

Name of Promoter	Date of allotment	Nature of transaction	Nature of payment	Number of Equity Shares	Price per Equity Share (Rs.)	Lock-in period	% of pre and post-Offer paid up capital
Mr. M. P. Ramachandran	March 30, 1998	Preferential allotment	Cash	927,400	5	Three years	6.39%
Mr. M. P. Ramachandran	March 27, 1997	Preferential allotment	Cash	1,975,353	5	Three years	13.61%

The lock-in shall start from the date of Allotment in the proposed Offer and the last date of the lock-in shall be three years from the date of Allotment in the Offer. The entire pre-Offer capital, other than those Equity Shares locked in as minimum Promoter's contribution and those Equity Shares offered in the Offer for Sale, shall be locked in for a period of one year from the date of Allotment under this Offer.

Further, the Promoter has given an undertaking that the Equity Shares forming part of the minimum Promoter's contribution subject to the three year lock-in, will not be disposed of, sold or transferred by him during the period beginning on the date of filing this Red Herring Prospectus with SEBI until the date the lock-in period described above commences.

The shares subject to lock-in have not been pledged with any bank or financial institution.

In accordance with clause 4.16.1 (b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter Group or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remainder of the lock-in period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

In accordance with clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter prior to the Offer may be transferred to any other person holding the Equity Shares that are locked-in under clause 4.14 of the SEBI Guidelines subject to continuation of the lock-in in the hands of the transferees for the remainder of the lock-in period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

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

Additionally, the balance issued share capital of 7,180,747 held by our shareholders shall be subject to a lock-in for a period of one year.

3. Shareholding Pattern

3.1 Our top ten shareholders and the number of Equity Shares held by them as of the date of filing this Red Herring Prospectus with SEBI and ten days prior to filing this Red Herring Prospectus with SEBI are as follows:

Shareholder	No. of Equity Shares	Pre-Offer percentage shareholding
1. Mr. M. P. Ramachandran	6,856,822	47.24%
2. ICICI Bank Canada	1,451,200	10.00%
3. ICICI Bank UK PLC	1,414,800	9.75%
4. Canzone Limited	782,130	5.39%
5. Mr. M. P. Divakaran	684,180	4.71%
6. Mr. M. P. Sidharthan	502,600	3.46%
7. M. R. Deepthy	454,000	3.13%
8. Ms. M. R. Jyothy	453,560	3.13%
9. South Asia Regional Fund	391,066	2.69%
10. CDC Investment Holdings Limited	391,064	2.69%
TOTAL	**13,381,422**	**92.20%**

3.2 Our top ten shareholders and the number of Equity Shares held by them as at two years prior to filing this Red Herring Prospectus with SEBI are as follows:

Shareholder	No. of Equity Shares	Pre-Offer percentage shareholding
1. Mr. M. P. Ramachandran	3,500,980	48.24%
2. Canzone Limited	1,107,565	15.26%
3. South Asia Regional Fund	553,783	7.63%
4. CDC Investment Holdings Limited	553,782	7.63%
5. Mr. M. P. Divakaran	342,090	4.71%
6. Mr. M. P. Sidharthan	251,300	3.46%
7. Ms. M. R. Jyothy	226,780	3.13%
8. Ms. U. B. Beena	172,330	2.37%
9. Ms. M. G. Santhakumari	156,020	2.15%
10. Mr. M. P. Ramachandran (HUF)	140,000	1.93%
TOTAL	**7,004,630**	**96.52%**

4. ***Shareholding pattern before and after the Offer***

The table below presents our shareholding pattern before the proposed Offer and as adjusted for the Offer:

Shareholder category	Equity Shares before the Offer		Equity Shares after the Offer	
	Number	%	Number	%
A. Promoter and Promoter Group				
(1) Promoter				
Mr. M. P. Ramachandran	6,856,822	47.24%	6,856,822	47.24%
Sub Total (1)	*6,856,822*	*47.24%*	*6,856,822*	*47.24%*
(2) Promoter Group				
Individuals	2,759,140	19.01%	2,759,140	19.01%
HUFs*	322,400	2.22%	322,400	2.22%
Sub Total (2)	*3,081,540*	*21.23%*	*3,081,540*	*21.23%*
Sub Total A = (1)+(2)	***9,938,362***	***68.48%***	***9,938,362***	***68.48%***
B. Institutional shareholders				
Canzone Limited	782,130	5.39%	Nil	Nil
ICICI Bank Canada	1,451,200	10.00%	Nil	Nil
ICICI Bank UK PLC	1,414,800	9.75%	Nil	Nil
South Asia Regional Fund	391,066	2.69%	Nil	Nil
CDC Investment Holdings Limited	391,064	2.69%	Nil	Nil
Sub Total B	***4,430,260***	***30.52%***	***Nil***	***Nil***
C. Public	145,138	1%	4,575,398	31.52%
TOTAL SHARE CAPITAL (A+B+C)	**14,513,760**	**100.00%**	**14,513,760**	**100.00%**

* *Viz the M.P. Ramachandran HUF, the M.P. Divakaran HUF and the M.P. Sidharthan HUF.*

5. As of the date of filing this Red Herring Prospectus with SEBI, none of our Promoter, Promoter Group, Directors or Key Management Personnel hold Equity Shares in our Company, other than as follows:

Shareholder	No. of Equity Shares	Pre-Offer Percentage Shareholding
Mr. M. P. Ramachandran	6,856,822	47.24%
Ms. M. G. Santhakumari	312,040	2.15%
Ms. M. R. Jyothy	453,560	3.13%
Ms. M. R. Deepthy	454,000	3.13%
Mr. M. P. Divakaran	684,180	4.71%
Mr. M. P. Sidharthan	502,600	3.46%
Ms. U. B. Beena	344,660	2.37%
Ms. K. K. Sujatha	8,100	0.06%

Shareholder	No. of Equity Shares	Pre-Offer Percentage Shareholding
Mr. M. P. Divakaran (HUF)	190,400	1.31%
Mr. M. P. Sidharthan (HUF)...	132,000	0.91%
Mr. K. Ullas Kamath	145,138	1.00%

6. Neither our Company, our Selling Shareholders, our Promoter, our Directors nor the BRLMs have entered into any buy-back and/or standby arrangements for purchase of the Equity Shares from any person.

7. As this is an Offer for Sale, our Company will not receive any of the proceeds of the Offer. Our Company has not, therefore, raised any bridge loan against the proceeds of the Offer.

8. For details of interests of our Directors and Key Management Personnel, see the section titled "Our Management" beginning on page 76 of this Red Herring Prospectus. For details of the interests of our Promoter and Promoter Group, see the section titled "Our Promoter and Promoter Group" beginning on page 86 of this Red Herring Prospectus.

9. The Offer is being made through the 100% Book Building Process wherein up to 50% of the Offer shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, at least 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

10. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

11. 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 filing the Red Herring Prospectus with SEBI until the Equity Shares offered under the Offer have been listed.

12. There are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into Equity Shares. None of the Equity Shares held by our Promoter are subject to any pledge.

13. Presently, we do not have any intention or proposal to alter capital structure for a period of six months commencing from the Bid/Offer Opening Date, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise. However, during such period or at a later date, we may issue Equity Shares pursuant to an employee stock option plan or issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in our interest.

14. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash except as stated in the section titled "Capital Structure—Notes to Capital Structure—Equity Share Capital History" on page 16 of this Red Herring Prospectus.

15. Except as set forth below, each of the Directors, the Promoters and the Promoter Group has not transferred any securities of the Company during the period of six months preceding the date of filing the Draft Red Herring Prospectus with SEBI and has not transferred any such securities during the period between filing the Draft Red Herring Prospectus and the date of this Red Herring Prospectus:

Date of transaction	Transferor	Transferee	Number of Equity Shares	Price at which Equity Shares are purchased (Rs. per Equity Share)
September 3, 2007	M.P. Ramchandran	K. Ullas Kamath	145,138	Nil*
September 13, 2007	M.P. Ramchandran-HUF	Ms. M.R. Deepthy	280,000	Nil*

* transferred by way of gift

16. We will have only one denomination of the Equity Shares unless otherwise permitted by law and shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

17. We have filed an application with the RBI pursuant to our letter dated June 12, 2007, seeking approval for transfer of Equity Shares in this Offer to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institution on a repatriation basis at an offer price discovered through the SEBI regulated process of book building. As per the RBI regulations, OCBs are not permitted to participate in the Offer. The RBI by way of its letter dated July 23, 2007 has approved the same.

18. As of June 28, 2007, we had 16 members.

OBJECTS OF THE OFFER

The objects of the Offer are to achieve the benefits of listing our Equity Shares on the Stock Exchanges and to carry out the divestment of 4,430,260 Equity Shares by our Selling Shareholders. We believe that listing will enhance our brand name and provide liquidity to our existing shareholders. It will provide a public market for our Equity Shares in India. We will not receive any proceeds from the Offer.

BASIS FOR OFFER PRICE

The Price Band for the Offer shall be decided prior to the filing of the Red Herring Prospectus with the RoC. The Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of the assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of our Equity Shares is Rs. 5 each and the Floor Price is 124 times of the face value and the Cap Price is 138 times of the face value.

Qualitative Factors

For some of the qualitative factors which form the basis for computing the price please see the sections titled "Business" and "Risk Factors" beginning on page 45 and page x respectively of this Red Herring Prospectus.

Quantitative Factors

Information presented in this section is derived from our restated unconsolidated financial statements prepared in accordance with Indian GAAP. The information relating to the Company's share capital in this chapter is based on a face value of Rs. 5 per equity share.

Earning Per Share (EPS)

Particulars	EPS (Rs.)	Weight
FY 2005	22.36	1
FY 2006	32.18	2
FY 2007	33.30	3
WEIGHTED AVERAGE	**31.10**	

Price/Earning (P/E) ratio in relation to Price Band

1. Based on the EPS of Rs. 33.30 for FY 2007, the P/E ratio is Rs. 18.61 at the Floor Price and Rs. 20.72 at the Cap Price.
2. Based on the weighted average EPS of Rs. 31.10, the P/E ratio is Rs. 19.94 at the Floor Price and Rs. 22.18 at the Cap Price.
3. P/E ratio for the industry is as follows:

Particulars	Industry
Highest	**36.3**
Lowest	**—**
Industry composite	**29.2**

(*Source: Capital Market-Vol XXII/16 October 08-21, 2007*)

Return on Net Worth

Particulars	Return on Net Worth (%)	Weight
FY 2005	14.88	1
FY 2006	18.33	2
FY 2007	16.51	3
WEIGHTED AVERAGE	**16.85**	

Minimum Return on post-Offer Net Worth required to maintain pre-Offer EPS is [•]%.

Net Asset Value per Equity Share

1. Net Asset Value per Equity Share as of June 30, 2007 is Rs. 201.71.
2. Net Asset Value per Equity Share after the Offer is Rs. [•].

Comparison of Accounting Ratios

	Face Value per share (Rs.)	Net Sales (Rs. mn)	EPS (Rs.)	P/E ratio	Return on Net Worth (%)	NAV per share (Rs.)
Jyothy Laboratories Limited	**5**	**3,619.44**	**33.30**	**[•]**	**16.51**	**201.71**
Peer Group:						
Marico Limited	1	13,717	1.8	29.5	49.7	3.0
Godrej Consumer Products Limited	1	7,581	4.8	25.0	—	4.9
Dabur India Limited	1	17,411	2.6	36.3	59.2	4.7
Emami Limited	2	5,158	10.1	20.6	40.5	36.9

(*Source: Capital Market-Vol XXII/16 October 08-21, 2007*)

Notes:

1. *Jyothy Laboratories Limited- Figures are based on restated accounts for the year ended June 30, 2007. The Company has on June 9, 2007 split the face value of its equity shares from Rs. 10 to Rs. 5 each.*
2. *Marico Limited- Figures are based on unaudited results for the year ended March 31, 2007 and market price as on September 28, 2007.*
3. *Godrej Consumer Products Limited- Figures are based on audited results for the year ended March 31, 2007 and market price as on September 28, 2007.*
4. *Dabur India Limited- Figures are based on audited results for the year ended March 31, 2007 and market price as on September 28, 2007.*
5. *Emami Limited- Figures are based on audited results for the year ended March 31, 2007 and market price as on September 28, 2007.*

The Floor Price is 124 times of the face value of the Equity Shares and the Cap Price is 138 times of the face value of the Equity Shares.

The BRLMs believe that the Price Range of Rs. 620 to Rs. 690 is justified in view of the above qualitative and quantitative parameters. See the sections titled “Risk Factors” and “Financial Statements” beginning on pages x and 101 of this Red Herring Prospectus for, *inter alia*, important information the risks associated with this Offer and the profitability and return ratios, respectively.

STATEMENT OF GENERAL TAX BENEFITS

To,

Board of Directors,
Jyothy Laboratories Limited
43, Shiv-shakti Industrial Estate,
Andheri-Kurla Road,
Marol, Andheri (East),
Mumbai – 400 059.

Dear Sirs,

Statement of Possible Tax Benefits available to the Company and its shareholders

We hereby report that the enclosed statement states the possible tax benefits available to the Company under the Income-tax Act, 1961 and Indirect tax laws, presently in force in India and to the shareholders of the Company under the Income tax Act, 1961 and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

i. the Company or its shareholders will continue to obtain these benefits in future; or

ii. the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For S.R. Batliboi & Associates
Chartered Accountants

***Per* Sudhir Soni**
Partner
Membership No.: 41870

Place: Mumbai
Date: October 24, 2007

ANNEXURE TO STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO JYOTHY LABORATORIES LIMITED AND ITS SHAREHOLDERS

(A) Benefits to Jyothy Laboratories Limited ('the company') under Income-tax Act, 1961 ('the Act')

1. Dividends exempt under section 10(34) and 10(35) of the Act.

Dividend (whether interim or final) received by the company from its investment in shares of another domestic company would be exempted in the hands of the company as per the provisions of section 10(34) read with section 115-O of the Act.

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognised stock exchange in India or units of Unit Trust of India ('UTI') or Mutual Fund units specified under section

10(23D) of the Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or UTI or Mutual Fund units specified under section 10(23D) of the Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains arising to the company, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of section 10(38) of the Act, long term capital gain arising to the company from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to Securities Transaction Tax ('STT').

As per the provisions of section 112 of the Act, long-term capital gains [other than those covered under section 10(38) of the Act] are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered under section 10(38) of the Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 10% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

3. Exemption of capital gain from income-tax

As per the provisions of section 54EC of the Act and subject to the conditions specified therein capital gains arising to the company on transfer of a long-term capital asset [other than those covered under section 10(38) of the Act] shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by the National Highways Authority of India ('NHAI') and by the Rural Electrification Corporation Ltd. ('REC'). The Finance Act 2007 has restricted the maximum investment in such bonds upto Rs 50 lacs per assessee during any financial year.

(B) Special Income Tax Benefits available to the Company

1. Deduction under section 80-IB and 80-IC of the Act

The company has set up various manufacturing units (industrial undertakings) for the manufacture of fabric whiteners, mosquito repellants, dishwash bar and ayurvedic soaps in the backward states and backward districts specified in the Eighth Schedule to the Act and as notified by the Central Government respectively. The profits and gains derived by the company in each of these industrial undertakings are eligible for deduction under section 80-IB of the Act.

The company in the past, has claimed deduction under section 80-IB and is eligible to claim this deduction for the following prospective years in respect of the industrial undertakings mentioned below:

Location of Industrial Undertaking	Product Manufactured	100% exemption upto financial year	30% exemption upto financial year
Guwahati	Fabric whiteners	—	2009-10
Guwahati	Mosquito repellants	2006-07	2011-12
Daman and Diu	Fabric whiteners	—	2008-09

Location of Industrial Undertaking	Product Manufactured	100% exemption upto financial year	30% exemption upto financial year
Himachal Pradesh	Fabric whiteners	2006-07	2011-12
Pondichery	Dishwash bar and ayurvedic soaps	2006-07	2011-12
Bankura (West Bengal)	Fabric whiteners	—	2008-09
Wayanad (Kerala)	Fabric whiteners	—	2010-11
Mahbubnagar (Andhra Pradesh)	Fabric whiteners	—	2006-07

The company has also set up a manufacturing unit in Himachal Pradesh for manufacture of Fabric whiteners. The profit derived by the company from this undertaking is eligible for deduction under section 80-IC of the Act (100% upto financial year 2009-10 and 30% upto financial year 2014-15).

(C) Benefits to the Resident shareholders

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the resident shareholder as per the provisions of section 10(34) read with section 115-O of the Act.

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains arising to a resident shareholder, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of section 10(38) of the Act, long term capital gain arising to a resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the Act, long-term capital gains [other than those covered under section 10(38) of the Act] are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered under section 10(38) of the Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable @ 10% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

3. Exemption of capital gains arising from income tax

As per the provisions of section 54EC of the Act and subject to the conditions specified therein capital gains arising to a resident shareholder on transfer of a long-term capital asset [other than those covered under section 10(38) of the Act] shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by NHAI and REC. The Finance Act 2007 has restricted the maximum investment in such bonds upto Rs 50 lacs per assessee during any financial year.

Further, as per the provisions of section 54F of the Act and subject to conditions specified therein, long-term capital gains [other than a capital gains arising on sale of residential house and those covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer.

4. Rebate under section 88E

As per the provisions of section 88E, where the business income of a resident shareholder 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.

(D) Benefits to the Non-resident shareholders

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the non-resident shareholder as per the provisions of section 10(34) read with section 115-O of the Act.

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However in respect of long-term capital gains (other than those covered under first proviso to section 48) arising to the non-resident shareholder, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the first proviso of section 48 of the Act, the capital gains arising on transfer of capital asset being shares or debentures of an Indian company, (purchased in foreign currency) needs to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non-resident shareholders.

As per the provisions of section 10(38) of the Act, long term capital gain arising to a non-resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the Act, long-term capital gains (other than those covered under section 10(38) of the Act) are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered under second proviso to section 48 and under section 10(38) of the Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable @ 10% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

3. Exemption of capital gain from income-tax

As per the provisions of section 54EC of the Act and subject to the conditions specified therein capital gains arising to a non-resident shareholder on transfer of a long-term capital asset [other than those covered under section 10(38) of the Act] shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the non-resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by NHAI and REC. The Finance Act 2007 has restricted the maximum investment in such bonds upto Rs 50 lacs per assessee during any financial year.

Further, as per the provisions of section 54F of the Act and subject to conditions specified therein, long-term capital gains [other than a capital gains arising on sale of residential house and those covered under section 10(38) of the Act] arising to an individual or HUF on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property (subject to prior approval from Reserve Bank of India) within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer.

4. Rebate under section 88E

As per the provisions of section 88E, where the business income of a non-resident shareholder 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.

5. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident shareholder. Thus, a non-resident shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.

(E) Benefits to the Non-resident Indian shareholders

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a Non-Resident Indian ('NRI') shareholder from its investment in shares of a domestic company would be exempt in the hands of the NRI shareholder company as per the provisions of section 10(34) read with section 115-O of the Act.

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains [other than those covered under section 10(38) of the Act, those covered under first proviso to section 48 and capital gains covered by the provisions of Chapter XII-A] arising to the NRI, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of section 10(38) of the Act, long term capital gain arising to a NRI from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the Act, long-term capital gains [other than those covered under section 10(38) of the Act and capital gains covered by the provisions of Chapter XII-A] are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered under section 10(38) of the Act and capital gains covered by the provisions of Chapter XII-A] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 10% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

As per the provisions of section 115-I of the Act, a NRI as defined therein has the option to be governed by the normal provisions of the Act or the provisions of Chapter XII-A of the Act through appropriate declaration in the return of income. The said Chapter inter alia entitles an NRI to the benefits stated hereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

As per the provisions of section 115D read with section 115E of the Act, where shares in the company are acquired or subscribed to in convertible foreign exchange by a NRI, long term capital gains [other than those covered under section 10(38) of the Act] arising to him on transfer of shares, shall be concessionally taxed at the flat rate of 10% (plus applicable surcharge and cess) without indexation benefit but with protection against foreign exchange fluctuation.

As per the provisions of section 115F of the Act, long-term capital gains [other than those covered under section 10(38) of the Act] arising to a NRI from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from Income tax, if the net consideration is reinvested in specified assets or savings certificates referred to in section 10(4B) of the Act within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

As per the provisions of section 115G of the Act, a NRI is not required to file a return of income under section 139(1) of the Act, if his only source of income is investment income or long term capital gains or both arising out of the assets acquired, purchased or subscribed in convertible foreign exchange and tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

As per the provision of section 115H of the Act, when a NRI becomes assessable as a resident in India, the provisions of the Chapter XII-A can continue to apply in relation to investment made when he was a NRI. Towards this, the NRI needs to furnish a declaration in writing to the Assessing Officer along with his return of income

3. Exemption of capital gain from income-tax

As per the provisions of section 54EC of the Act and subject to the conditions specified therein capital gains arising to a NRI shareholder on transfer of a long-term capital asset [other than those covered under section 10(38) of the Act and capital gains covered by the provisions of Chapter XII-A] shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the NRI shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by NHAI and REC. The Finance Act 2007 has restricted the maximum investment in such bonds upto Rs 50 lacs per assessee during any financial year.

Further, as per the provisions of section 54F of the Act and subject to conditions specified therein, long-term capital gains [other than a capital gains arising on sale of residential house and other than those covered under section 10(38) of the Act] arising to an individual or HUF on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer.

4. Rebate under section 88E

As per the provisions of section 88E, where the business income of a NRI shareholder 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.

5. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the NRI shareholder. Thus, a NRI shareholder can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

(F) Benefits to the Foreign Institutional Investor ('FII')

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a FII from its investment in shares of a domestic company would be exempt in the hands of the FII as per the provisions of section 10(34) read with section 115-O of the Act.

2. Long term capital gains exempt under section 10(38) of the Act.

As per the provisions of section 10(38) of the Act, long term capital gain arising to the FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

3. Capital gains

As per the provisions of section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

Nature of Income	**Rate of tax (%)***
Long-term capital gains..	10
Short-term capital gains...	30

* Plus applicable surcharge and cess

The benefits of foreign currency fluctuation protection and indexation as provided by section 48 of the Act are not available to a FII.

As per the provisions of section 10(38) of the Act, long term capital gain arising to FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per provisions of section 111A of the Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 10% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and is chargeable to STT.

4. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the FII. Thus, an FII can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

(G) Benefits to the Mutual Funds

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a Mutual Fund from its investment in shares of a domestic company would be exempt in the hands of the Mutual Fund as per the provisions of section 10(34) read with section 115-O of the Act.

2. As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 ('SEBI') or regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions or Mutual Funds authorised by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

(H) Benefits to the Venture Capital Companies / Funds

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a Venture Capital Company ('VCC')/ Venture Capital Funds ('VCF') from its investment in shares of another domestic company would be exempt in the hands of the VCC/VCF as per the provisions of section 10(34) read with section 115-O of the Act.

2. Income exempt under section 10(23FB) of the Act

As per the provisions of section 10(23FB) of the Act, any income of VCC/VCF registered with the SEBI, set up to raise funds for investment in a venture capital undertaking ('VCU') would be exempt from income tax, subject to the conditions specified. The Finance Act 2007 has restricted the definition of venture capital undertaking ('VCU') to mean such domestic company whose shares are not listed on a recognized stock exchange in India and which is engaged in the following specified business viz:

- Nanotechnology;
- Information technology relating to hardware and software;
- Seed research and development;
- Bio-technology;
- Research and development of new chemical entities in the pharmaceutical sector;
- Production of bio-fuels;
- Building and operating composite hotel-cum-convention centre with seating capacity of more than 3,000;
- Developing or operating and maintaining or developing, operating and maintaining any infrastructure facility as defined in Explanation to clause (i) of subsection (4) of section 80-IA and
- Dairy or poultry industry.

Further, the Finance Act 2007 has exempted all the income received by a VCC or a VCF from investment in VCU.

(I) Benefits available under the Wealth-tax Act, 1957 (Common to all)

Asset as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

(J) Special Benefits available to the Company under Value Added Tax ('VAT') / Sales Tax legislation:

In accordance with the provisions of the respective state Sales tax / VAT legislations, the Company would be entitled to the following benefits:

Andhra Pradesh

Jyothy was entitled for tax exemption from the sales tax / VAT payable on sales of 'Ujala Supreme' in the state of Andhra Pradesh upto Rs 11,238,921 for a period of 7 years from November 2, 2001 to November 1, 2008 *vide* Eligibility certificate No 30/3/2002/0148/0148/ID dated December 5, 2002 issued by the Commissioner of Industries. However, the said exemption was converted into deferment as per the section 69 of Andhra Pradesh Value Added Tax Act, 2005 ('APVAT') with effect from April 1, 2005.

Consequently, Jyothy was entitled to exemption from sales tax upto March 31, 2005 and it would be entitled to defer the sales tax / VAT payable from April 1, 2005 to May 1, 2012. The sales tax / VAT payable and the tax to be claimed as deferment for each period would be the net tax (i.e. output tax less input tax). The amount of deferment availed for each month would be payable back to the government at the end of fourteen years.

Assam

Jyothy would be entitled to an exemption upto 99 percent of the sales tax / VAT payable on sales of 'MAXO—Mosquito Coil' manufactured and sold in Assam upto Rs 46,841,070 for a period of ten years from July 2002 to July 2012 *vide* Eligibility Certificate No AIDC/US/ECST/245/99/18 dated June 22, 2003 issued under the Industrial Policy of Assam, 1997.

A similar additional exemption has been granted to Jyothy for a period of ten years from December 16, 2006 to December 15, 2015 for an amount of Rs 37,239,763 *vide* Eligibility Certificate No AIDC/US/EC/388/05/27 dated June 22, 2007 issued under the Industrial policy of Assam, 2003.

Kerala

Jyothy would be entitled to exemption from the sales tax/ VAT payable on sales of 'Washing Soap, Detergent Powder, Dishwash Powder' in the state of Kerala upto Rs. 8,599,000 for a period of 7 years from August 30, 2001 to August 29, 2008 *vide* Order no A5/5373/2002 dated March 7, 2003 issued by the General Manager of District Industries Centre, Thrissur.

Dadra and Nagar Haveli

Jyothy would be entitled to exemption from tax payable on sales of 'Ujala' manufactured and sold from the Union Territory of Dadra and Nagar Haveli upto December 30, 2014 *vide* Certificate No ADM/DNH/EC/VAT/87 dated August 30, 2005 issued by the Deputy Commissioner (VAT).

(K) Special Benefits available to the Company under Excise legislation:

The Company is entitled to following benefits under the Central Excise Act, 1944 and the rules made there under:

Assam

Jyothy would be entitled to a refund of the central excise duty paid through current account on manufacture of 'MAXO—Mosquito Coil' in their unit at Amingaon, Dist. Kamrup for a period of 10 years from the commencement of commercial production *vide* Notification No 32/1999-CE dated July 8, 1999 as amended from time to time.

Himachal Pradesh

Jyothy would be exempted from payment of central excise duty for the goods manufactured in the unit at Baddi *vide* G.E. Notification No. 50/2003-CE dated June 10, 2003 as amended from time to time for a period of ten years from the commencement of commercial production of eligible products.

Uttaranchal

Jyothy would be exempted from payment of central excise duty for the goods manufactured in the unit at Haridwar *vide* G.E. Notification No. 50/2003-CE dated June 10, 2003 as amended from time to time for a period of ten years from the commencement of commercial production. However, no commercial production has commenced at this unit till date.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY

The information in this section has been extracted from publicly available documents from various sources and has not been prepared or independently verified by us or any of our advisors.

Introduction

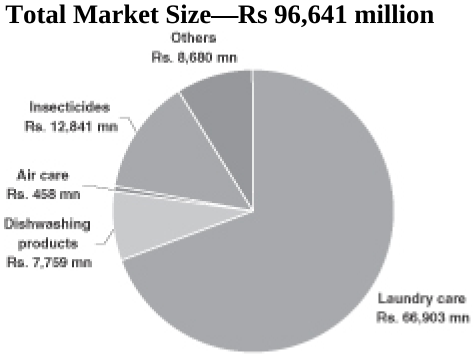
The Fast Moving Consumer Goods (FMCG) sector in India is the fourth largest sector in the Indian economy with a present market size of approximately Rs 700 billion. (Source: ASSOCHAM). It is a key component of India’s GDP and is a significant direct and indirect employer accounting for 5% of the total factory employment in the country. The sector also creates employment for three million people in downstream activities, much of which is disbursed in small towns and rural India. Low-priced products contribute the majority of the sales volume and lower and middle-income groups account for over 60% of the sector’s sales. Moreover, rural markets account for approximately 56% of the total domestic FMCG demand. The sector has strong links with agriculture and around 71% of the sales come from agro-based products. It is a significant value creator with a market capitalization second only to the IT sector and is a key contributor to the exchequer. *(Source: www.ciionline.org.)*

The Indian FMCG industry is characterized by a well-established distribution network, intense competition between the organized and unorganized sector and low operation costs. The FMCG market is set to increase from US$ 11.6 billion in 2003 to US$ 33.4 billion in 2015. *(Source: www.ibef.org.)* Penetration level as well as per capita consumption in most product categories in India is low indicating a large untapped market potential. The burgeoning Indian population particularly the middle class and the rural segments, present an opportunity to the manufacturers of branded products.

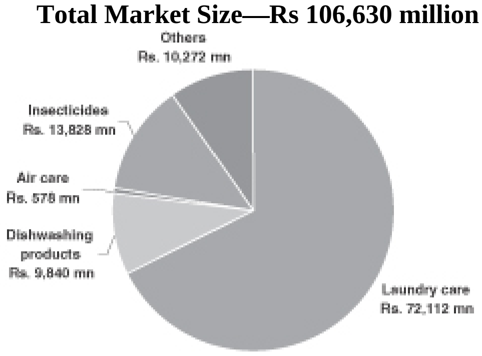
According to ASSOCHAM estimates (“Future of FMCG Products in India”), the total market size of FMCG products is expected to grow at a CAGR of 12% over the next 5 years, reaching around Rs 980 billion by 2010 and about Rs 1,233 billion by 2012. Of the total market, rural and semi-urban areas of the country will account for approximately 60% by 2012, led primarily by increasing rural penetration and growth in disposable incomes.

Household care products are a major segment of the of the FMCG industry. Household care comprises household cleaners, laundry care, toilet cleaners, air fresheners, insecticides, mosquito repellents, polishes and other products related to household care

Household Care segment 2005 (Actuals)
Total Market Size—Rs 96,641 million

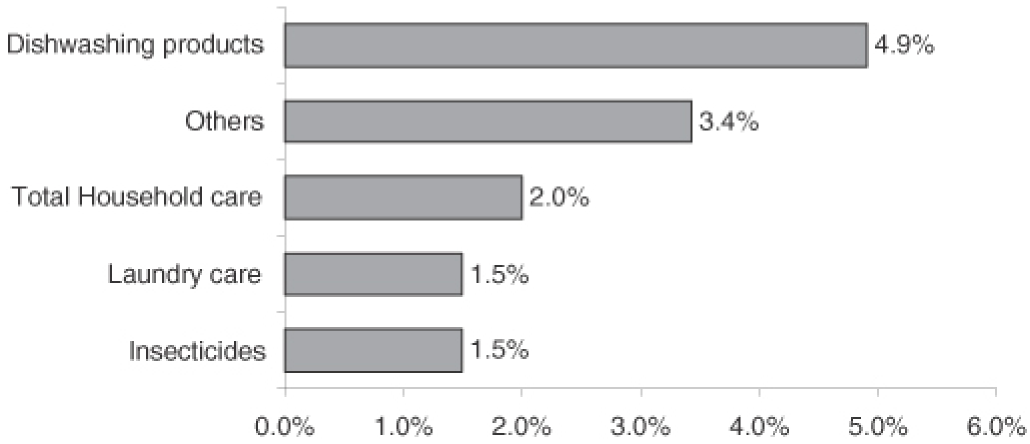


Household Care segment 2010 (Projected)
Total Market Size—Rs 106,630 million



(Source: Euro monitor International, “Household Care—India”, December 2006.)

The chart below depicts projected sales growth rate of various segments in the household care sector in India.



Chief Characteristics of the Indian FMCG Industry

Extensive Brand Building

Creation of a strong brand is essential for FMCG companies and considerable money and effort is expended in the development of brands. A thorough understanding of the needs of the consumer is key to creating and offering differentiated products. FMCG players must develop the insights into the needs of their customers. This forms the basis of FMCG strategy, including design of the product, its delivery format, pricing and communication. Some brands enjoy a first mover advantage, having built strong consumer loyalty with consistent quality over long periods of time. Others have created brand value through innovative product offerings with superior functional attributes supported by strong advertising and sales promotion campaigns.

The price the consumer is willing to pay is a function of the perceived value of physical attributes such as the product, its packaging and its availability as well as the image built around the brand. The initial period in the life of a brand is likely to require higher expenditures on advertising and sales promotion as the brand owner attempts to create a positioning for the brand in the mind of the consumer. As brands get stronger, they are able to command a better price and reduce the proportion of advertising support to maintenance levels, thereby enhancing margins and profitability. A portfolio with some strong brands enables an FMCG company to invest in new brands to create a pipeline of new brands and products for the future.

Brand building, positioning and brand extensions typically play a key role in the success of a product in the FMCG sector. Slowdown in demand and fierce competition can necessitate a sharpening of focus on key brands and ensuring cost reduction besides focusing on aggressive and penetrated marketing. Occasionally, products are re-launched by repositioning the brands to re-start the life cycle of a product and extract better value from it.

Cost Factors

Materials costs and marketing and advertising are the primary costs incurred by a company in the FMCG sector. In certain segments, companies that have a large scale of operations are able to negotiate lower input costs of raw materials. In packing material, the industry has seen several innovations to provide superior and more convenient packaging at lower packing material costs.

Given the importance of branding in the industry, advertising and sales promotion expenses comprise a significant element of cost. Sustained investment over a period of time is required to create an association in the mind of the consumer. Companies with a focus on building strong consumer franchises and creating a demand for their brands would usually spend a larger proportion of the advertising and sales promotion costs on above-the- line advertising. A more short-term measure would be to spend a larger proportion on sales promotion and channel discounts to create a sales push.

By and large, the industry is characterized by relatively low manufacturing costs. Manufacturing processes are typically simple. Investments in manufacturing assets are also relatively low, yielding a high turnover to investment ratio. Moreover, as the highest value addition comes in the process of branding, companies can avail themselves of third party manufacturing facilities, thus reducing their investments in fixed assets further. In the recent past however, FMCG companies have availed themselves of certain excise and income tax concessions by setting up their own manufacturing facilities in designated tax free zones.

Extensive Distribution Networks

Delivering products to the point of consumer demand is a key determinant of success in the FMCG industry. The strength of the distribution network helps a brand to grow volumes through increased penetration levels. Given the size of the Indian sub-continent, any national player must establish a wide distribution network. The key constituents within the distribution chain are the company's C&F agents, distributors, wholesalers and retailers. These market intermediaries ensure widespread presence for the brand so that the products are available to consumers where they want them.

Large Unorganized Sector

Factors such as low entry barriers in terms of low capital investment, fiscal incentives from government and low brand awareness in small towns and in rural India have led to the mushrooming of a strong unorganized sector in India offering localized brands as well as products in a loose unbranded form. Typically products from unorganized players are priced lower to entice consumers and also offer higher margins to stockists and intermediaries in order to provide a sales push.

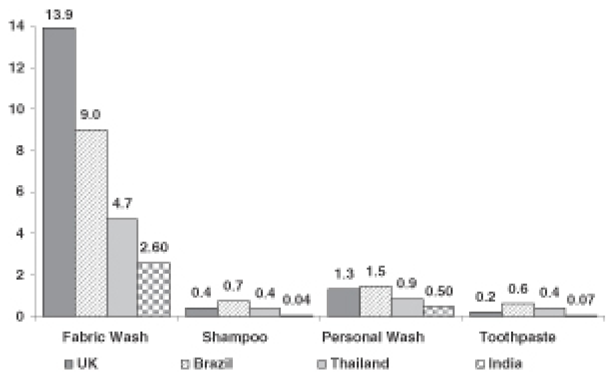
Additionally, organized sector players face revenue losses due to fake and counterfeit products produced by the unorganized sector players. Some estimates suggest that the FMCG sector may be losing between 10% to 30% of its business to fake and counterfeit goods.

Contract Manufacturing

With primary focus on brand building, product development and creation of distribution networks, most FMCG companies outsource their production requirements to third party manufacturers. Moreover, with several items reserved for the small-scale industry and with these SSI units enjoying tax incentives, the contract-manufacturing route has grown in importance and popularity.

Low Product Penetration Compared to Emerging Economies

Per capita consumption in most of the FMCG categories (including the high penetration categories) in India is low compared to both developed as well as emerging economies. This indicates ample headroom for increase in product penetration.

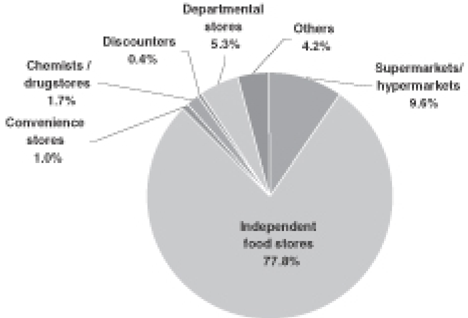


New Retail Formats

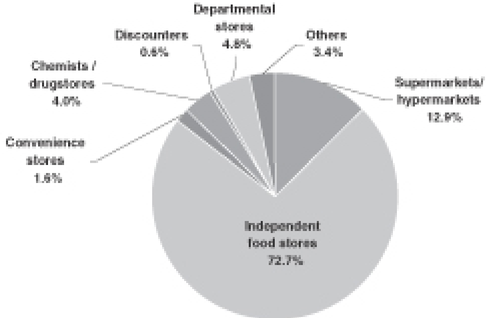
Of late the Indian FMCG industry has witnessed the emergence of newer forms of distribution through the advent of modes such as hypermarkets, supermarkets and large-scale retail malls offering a wide rage of products at discounted rates, and through direct selling and multi-level marketing which typically involves sales through agents instead of the usual bulk or small-scale retailer. While such newer distribution channels have an impact on the conventional retail margins, they would have the advantage of allowing greater penetration of products and could lead to an overall increase in revenues for the sector.

As shown below, between 2000 and 2005, supermarkets and hypermarkets have increased in prominence with regards share of Household Product sales.

Household Product Sales Distribution—2000



Household Product Sales Distribution—2005



Source: Euro monitor International, "Household Care—India", December 2006

Key Drivers and Trends in the FMCG Industry

Large Untapped Rural Market

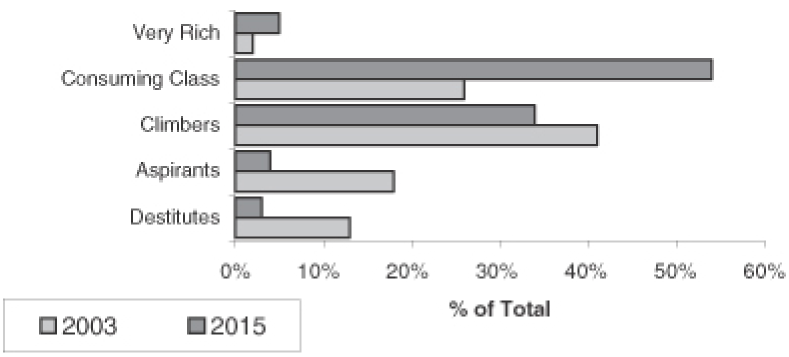
Currently, just about 50% of the overall revenues of major FMCG companies come from rural areas although 70% of India's population lives in rural areas. In terms of brand choices, rural India has access to significantly fewer of the branded products that are available to the urban consumer. Despite the alluring prospect of a large untapped market, a variety of factors have posed difficulties in harnessing this market such as high prices of branded FMCG products, inadequate infrastructure facilities including roads and power, a strong un-organized sector, heavy dependence on external factors such as monsoons, a low per capita disposable income and seasonal consumption linked to harvests, festivals and similar events. However with the Government's push to improve the rural infrastructure, increased efficiencies in distribution, availability of branded products at lower price points and price correction by the FMCG companies, penetration levels in many FMCG categories are poised to go up in rural areas.

Economic Growth

In recent times, the Indian economy has shown robust growth. Over the last three years, India has experienced rapid economic growth with the GDP growth recorded at 8.5 %, 7.5 % and 8.4 %, respectively, for the fiscal years ended March 31, 2004, March 31, 2005 and March 31, 2006 (Source: Reserve Bank of India). Further, the Reserve Bank of India has projected a 7.5-8.0 % GDP growth for the Fiscal ending March 31, 2007. This has clearly begun to benefit the FMCG sector in which many companies had experienced a rather sluggish growth in the few years prior to 2005. The overall economic growth has been accompanied by increased disposable incomes both in the urban and rural markets.

Rising Disposable Incomes coupled with Burgeoning Middle Class

Demand for FMCG products are set to boom led by increase in share of middle class (defined as the climbers and the consuming class). The chart below depicts the expected increase in middle class. [Source: IBEF].



Also, India has begun to see a rise in the disposable income in the hands of the middle class, which, coupled with growth in share of middle class, is expected to have a positive impact on demand for FMCG products.

Retail Expansion

Retailing has experienced a revolution over the last few years. On the one hand there are chains, which are focused on greater affordability delivered through squeezing efficiencies from the supply chain. The value that consumers are being offered through a discount as compared to a neighborhood store is significant and the future will see the expansion of this concept. On the other hand, the large modern retail format, including supermarkets and hypermarkets has been emerging. Whilst this is not significant as a percentage of FMCG sales today, this share is expected to increase manifold in the future, as has happened elsewhere in the world. Gradually, foreign direct investment in retail is expected to be permitted, which would attract overseas retailers to participate in one of the fastest growing consumer markets today. If and as the large retail forecast grows, FMCG players will have to upgrade their skills in merchandizing and shelf management as the open formats allow more interaction between the consumer and the products. This provides an opportunity for new brands and products to be picked up by the experimental consumer. Companies can also leverage information technology to create supply chain synergies.

Household Care: Product Segment Profiles and Outlook

Laundry Care

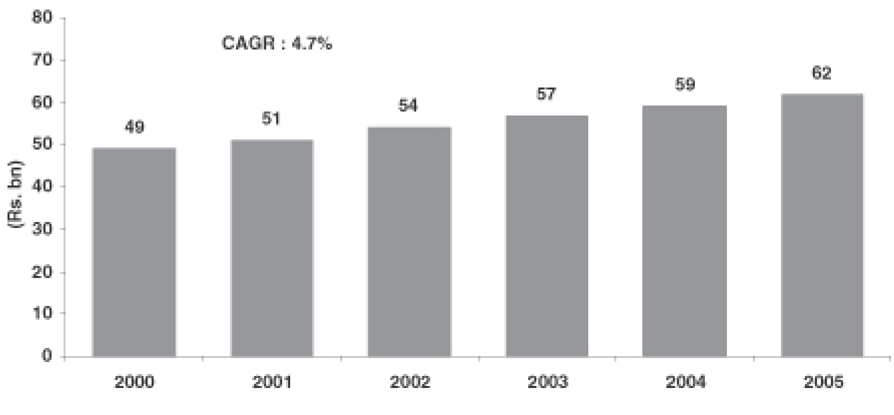
The laundry care product segment of the household has sales totaling Rs. 66,903.4 million in 2005, accounting for approximately 69.23% of all sales in the household care sector. Laundry care comprises laundry detergents, laundry aids, fabric softeners and carpet cleaners. Of these, laundry detergents comprised sales of Rs. 61,842.8 million in 2005, accounting for 92.44% of laundry care sales. The second largest category, accounting for sales of Rs. 5,060.6, or 7.56% of the laundry care category in 2005, was laundry aids. *(Source: Euromonitor International, "Household Care—India", December 2006.)* Laundry aids comprises laundry boosters, such as fabric whiteners, spot and stain removers, starch and ironing aids and other products used in laundry.

The laundry care product segment includes Hindustan Lever Limited's "Wheel", "Surf" and "Rin" brands, Nirma Limited's "Nirma" brand and Procter & Gamble Home Products Limited's "Ariel" and "Tide" brands.

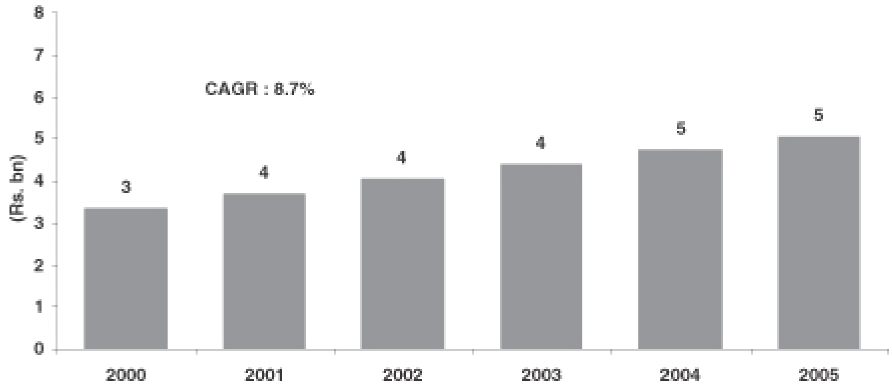
Over the past five years, laundry detergents and laundry aids have grown at a CAGR of 4.7% and 8.7% respectively. The overall laundry care market has grown at a CAGR of 5%. *(Source: Euromonitor International, "Household Care—India", December 2006.)*

The chart below depicts the historical and projected sales value as well as CAGR growth rates of laundry detergents; laundry aids as well as overall laundry care categories in India.

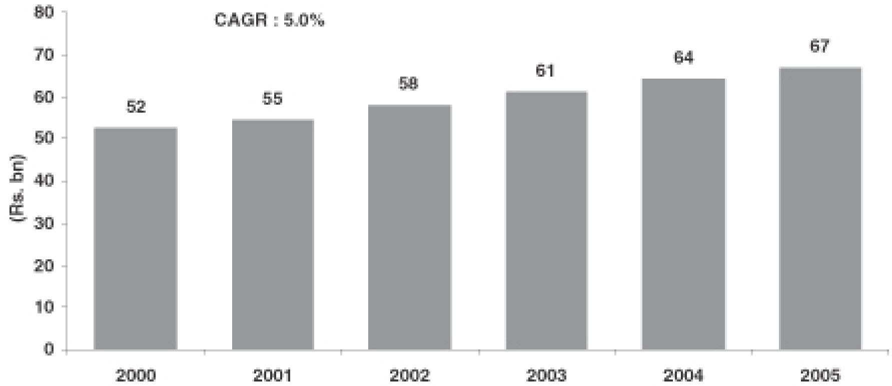
LAUNDRY DETERGENTS



LAUNDRY AIDS



TOTAL LAUNDRY CARE



Insecticides

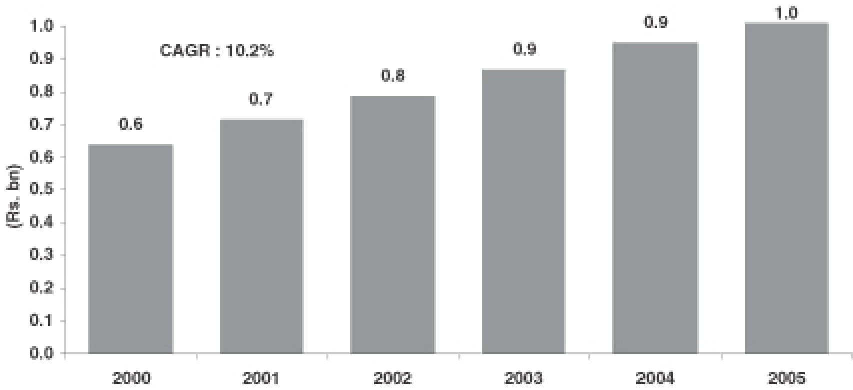
Insecticides comprise various products for the elimination of insects. The principal types of insecticides in India include insecticide coils, electric insecticides (which are plugged into an electrical outlet and slowly release repellent), spray and aerosol insecticides and other forms of insecticides.

During 2005, insecticide sales totaled Rs. 12,840.7 million, or 7.53% of household product category sales. Sales of insecticide coils and electric insecticides accounted for Rs. 5,588.9 million, or 43.52%, and Rs. 5,467.7 million, or 42.59%, of insecticide sales, respectively. The insecticide segment sales have grown at a CAGR of 7.2% over the last five years and at a CAGR of 6% from 2004 to 2005. *(Source: Euromonitor International, "Household Care—India", December 2006.)*

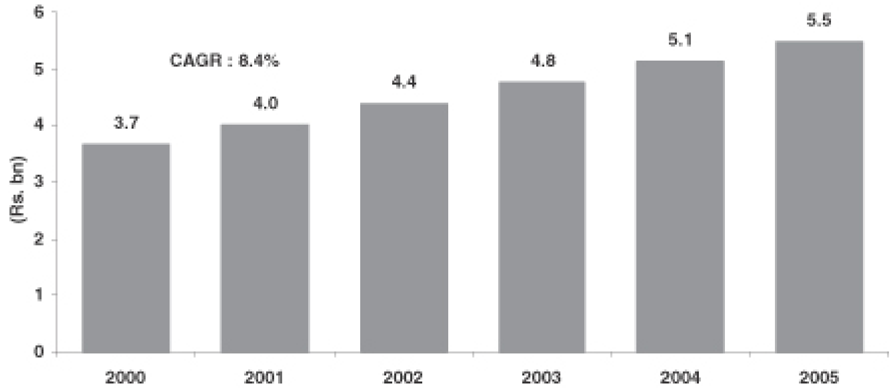
The tables below depict the historical sales value as well as CAGR growth rates of various segments of insecticides in India.

Spray / aerosol insecticides

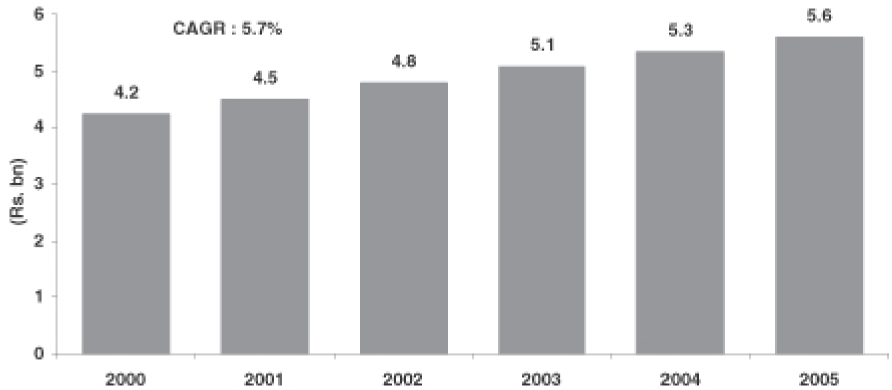
SPRAY / AEROSOL INSECTICIDES



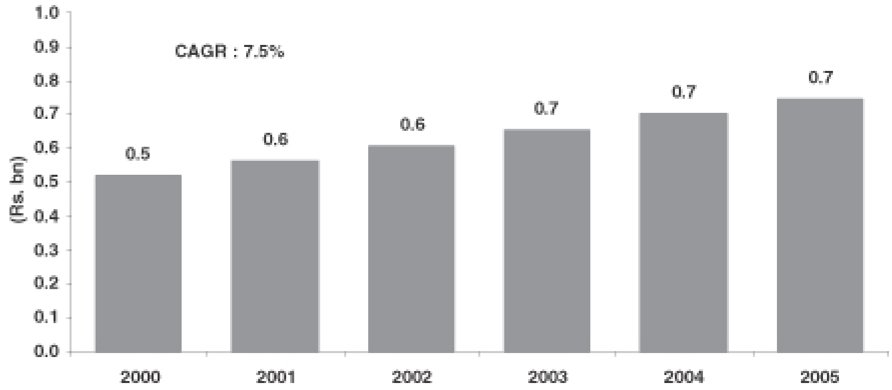
ELECTRIC INSECTICIDES



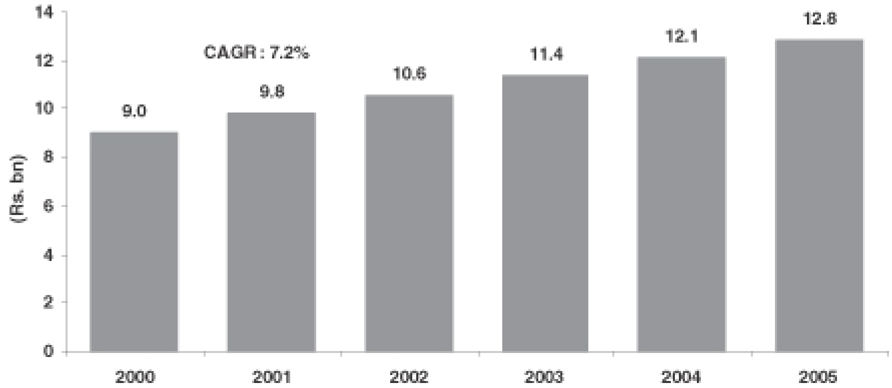
INSECTICIDE COILS



OTHER INSECTICIDES



TOTAL INSECTICIDES

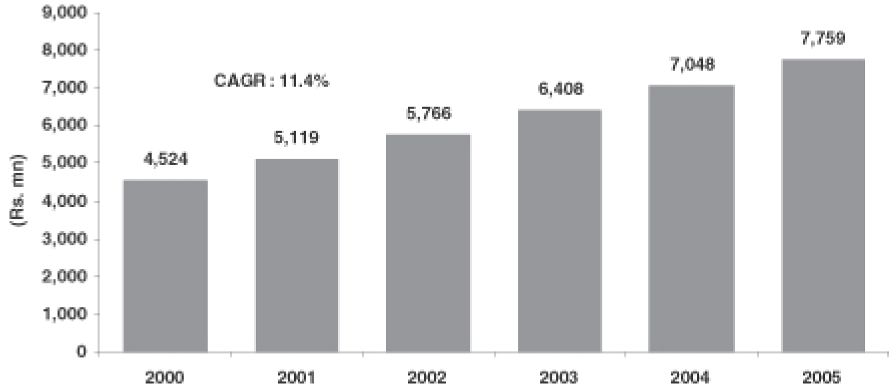


Dishwashing Products

Dishwashing products comprise various products for washing dishes. Presently, the vast majority of sales are for hand dishwashing products as automatic dishwashing is negligible, with penetration of dishwashers remained at below 1% in India as a whole and 2% in urban India. Household labour is relatively inexpensive and abundant, with housemaids cleaning dishes for most consumers who are interested in purchasing branded dishwashing products. Hand dishwashing products come in various forms, including powders, bar soaps and liquids. At present, bar soaps is the dominant form in most parts of India. *(Source: Euromonitor International, "Household Care—India", December 2006.)*

In 2005, dishwashing product sales totaled Rs. 7,759.2 million, or 8.03% of total household product sales. *(Source: Euromonitor International, "Household Care—India", December 2006.)* The tables below depict the historical sales value as well as CAGR growth rate of dishwashing products in India.

DISHWASHING PRODUCTS

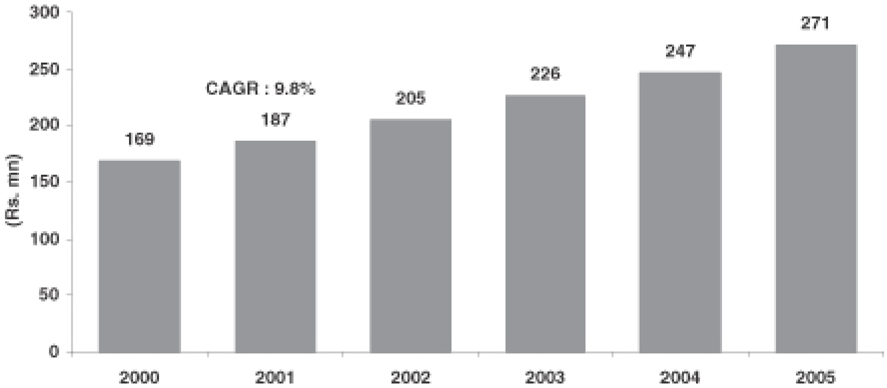


(Source: Euromonitor International, "Household Care—India", December 2006.)

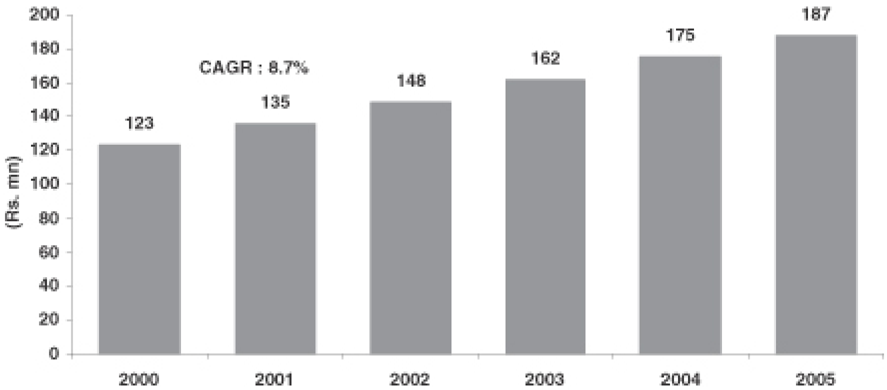
Air Care

Air care comprises spray and aerosol air fresheners along with other household air care products. Air care products are stronger in urban areas, fueled by aspirational consumer demand amongst increasingly affluent urban consumers. According to Euro monitor International, air care sales in 2005 totalled Rs. 458.2, or 0.47% of household care sales. *(Source: Euromonitor International, "Household Care—India", December 2006.)* The tables below depict the historical sales values as well as CAGR growth rate of various segments of air care products in India.

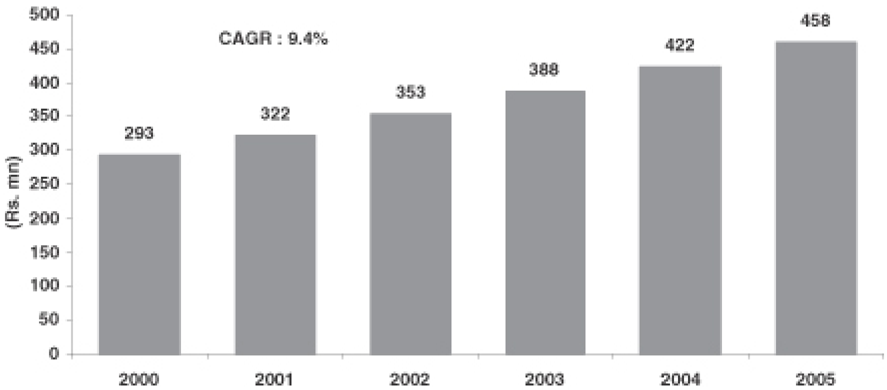
SPRAY / AEROSOL AIR FRESHENERS



OTHER HOUSEHOLD AIR CARE



TOTAL AIR CARE



(Source: Euro monitor International, "Household Care—India", December 2006.)

BUSINESS

Overview

We are a fast moving consumer goods (FMCG) company in the fabric care, household insecticide, surface cleaning, personal care and air care segments of the Indian market and offer branded products including fabric whitener, mosquito repellent, dishwashing, bath and incense products. Our flagship brand Ujala liquid fabric whitener had a 68.1% market share by value in the Indian organized segment in 2006 according to A.C. Nielsen and, as per estimates from Marketpulse-IMRB's Household Purchase Panel, Ujala was purchased by 75.4 million surveyed households during the period April 1, 2006 to March 31, 2007. This represents 37% of the surveyed household population. We believe that our brands enjoy strong association with our core values including offering value-for-money products to the common man.

Our key brands are Ujala, Maxo, Exo, Jeeva, and Maya. The product line for Ujala (a 24 year old brand, used prior to incorporation of the Company) consists of fabric whitener, fabric stiffener and washing powder. Our Maxo product line consists of mosquito repellent coils, liquid vaporizers and aerosol sprays. Exo's product line includes dishwash bars and dish wash liquid with an anti-bacterial agent, dish wash powder, and dish scrubbers. We produce personal care products under the Jeeva brand and market air freshening incense sticks or agarbatti under our Maya brand. We also have entered into joint ventures to market and distribute coffee and spiritual dhoops.

Our Ujala fabric whitener and Maxo mosquito repellent coils occupy leading positions and have significant market shares in their respective product segments. Ujala's success led us to be ranked first in fabric whitener with a 71.7% market share in India by value for the month ended June 30, 2007. (*Source A.C. Nielsen*) Our Maxo mosquito repellent coils achieved a 20.7% market share in India by value for the month ended June 30, 2007. (*Source A.C. Nielsen*) In addition, our Exo dishwash bar achieved a 16.6% market share in southern India by value for the month ended June 30, 2007. (*Source A.C. Nielsen*) We intend to launch Exo nationally in 2008.

Our branded products are present throughout urban and rural India. We have focused the marketing and distribution of our products in various states in India and in both rural and urban areas, targeting our various brands and specific products to suit consumer needs and tastes. We have extended most of our brands nationally. Our brands are particularly strong in southern India and Kerala, in particular. For example, in Kerala, our Ujala fabric whitener achieved a 96.6% market share by value in the year ended June 30, 2007 according to A.C. Nielsen.

Market share information for our Ujala fabric whitener and Maxo coils in India and Exo dishwashing powder in Southern India is set forth below.

	Market Share (%)							
Product Categories	**Year ended June 30, 2007**		**Quarter ended June 30, 2007**		**Month ended June 30, 2007**		**Month ended July 31, 2007**	
	Value	**Volume**	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**
Ujala Fabric Whitener	68.9	53.5	70.5	55.5	71.7	56.8	72.2	57.5
Maxo Coils	19.7	22.1	21.3	24.4	20.7	23.6	20.8	23.7
Exo Dishwashing Bar*	15.5	15.2	17.1	17.1	16.6	16.5	17.9	17.9

(Source: A.C. Nielsen)
* *For Southern India only.*

We have established a distribution network across India with a sales staff of over 1,500 people servicing approximately 2,500 distributors. According to A.C. Nielsen, our Ujala fabric whitener was available in approximately 2.80 million outlets in India as on June 30, 2007. We believe that our field staff have a direct reach of approximately 1 million retail outlets.

We manufacture our products through 21 manufacturing facilities in 14 locations across India, eight of which are tax efficient units. Tax efficient facilities are set up to take advantage of certain tax breaks offered by the central and state governments. Manufacturing facilities located in these geographical locations are granted exemptions/concession from Income Tax on profits made from these facilities, and exemption/refund of excise duty on products manufactured at those units by Central Government and deferral from payment of VAT/Sales tax payable on sale of products of these units within specified areas by the concerned state governments. As part of our efforts to expand, we are in the process of establishing new tax efficient manufacturing facilities in

Uttaranchal (Uttarakhand),. In addition to our own facilities, we outsource the manufacture of a significant portion of our Maxo products. We are investing Rs. 170 million in two plants located at Jammu and Guwahati to produce Maxo products that are currently outsourced. We also maintain an in-house engineering research and development and machinery manufacturing facility at Pondicherry.

Our Promoter is Mr. M.P. Ramachandran, who together with the Promoter Group, holds 69.48% of our shareholding of our Equity Shares on the date of filing this Red Herring Prospectus.

Our total consolidated gross sales have grown over the last three fiscal years at a compound annual growth rate (CAGR) of approximately 10.96%. Our total consolidated gross sales were Rs. 4,338.31 million and Rs. 3,663.01 million for the year ended June 30, 2007 and 2006, respectively. Our total consolidated net sales were Rs. 3,618.88 million and Rs. 3,019.33 million for the year ended June 30, 2007 and 2006, respectively. Our profit after tax were Rs. 514.17 million and Rs. 398.85 million for the year ended June 30, 2007 and 2006, respectively.

Business philosophy

Our business philosophy is a key factor influencing our success. We intend to continue to pursue new business opportunities and consolidate our existing position in accordance with this philosophy.

Our business philosophy has the following constituents, namely:

- ***We assess consumer needs and desires:*** We believe it is essential to understand the needs and desires of the consumer and assess gaps between needs and available products. We take care to assess these needs and target need gaps and convert them into an opportunity to target customers.
- ***Product attributes are tailored to meet customer needs:*** We believe that the product should be an effective solution for the need gap, and the product attributes should be tailored accordingly.
- ***We develop effective communication strategies:*** We believe that our advertising and marketing strategy should effectively position the product so that the product attributes and their effectiveness in the targeted segment are appropriately communicated.
- ***We believe in innovative products and positioning:*** We believe in following the path of innovation in order to differentiate and effectively position ourselves in our targeted segments. We try to ensure that our products and our communication strategies are innovative and appropriate.
- ***We draw inspiration from our achievements and seek to better ourselves.*** We aim for our achievements to act as a catalyst to reach greater heights and we believe in a continuous process of drawing motivation and inspiration from our achievements and constant self-assessment for improvement.

Strengths

We believe that we are well positioned to sustain and strengthen our position in the markets in which we compete as well as to exploit significant growth opportunities that exist in the expanding household goods sector, in both urban and rural India and abroad. We believe the following are our principal strengths:

Local presence and wide distribution reach

We have a strong local focus to the production, sales and distribution of our products. Our manufacturing facilities and sales offices are strategically located to ensure our local presence in key markets. We also hire local production, sales and distribution employees with knowledge of local languages and customs. We believe that our local presence and local focus gives us an advantage in understanding and communicating with our customers. Our local presence also provides us with the ability to launch new products and extensions at the local level (on shop shelves) in a short time.

We also have a wide distribution reach. We have established a distribution network across India with a sales staff of over 1,500 people servicing approximately 2,500 distributors. According to A.C. Nielsen, our Ujala fabric whitener was available in approximately 2.80 million outlets in India as on June 30, 2007. We believe that our field staff have a direct reach of approximately 1 million retail outlets.

Well-known brand identity

We believe our portfolio of brands, including the brand images and consumer associations those brands enjoy, provides us with a strong platform to maintain and grow our revenues from those brands, including through our present products, product improvements and new products under our existing brands. In particular, we believe that our brands enjoy strong association with our core values like offering value for money products and service to the common man.

The success of our Ujala fabric whitener led us to be ranked first in fabric whitener with a 68.9% market share in India by value for the year ended June 30, 2007. *(Source A.C. Nielsen).* As per estimates from Marketpulse-IMRB's Household Purchase Panel, Ujala was purchased by 75.4 million surveyed households during the period April 1, 2006 to March 31, 2007. This represents 37% of the surveyed household population. In addition, Ujala was amongst India's 50 most trusted brands , and Ujala ranked 8th in the home and fabric care segment and 19th among class 2 cities in the Brand Equity Survey. (*The Economic Times, May 30, 2007, June 6, 2007*)

Our Maxo mosquito repellent coils achieved a 19.7% market share in India by value for the year ended June 30, 2007. *(Source A.C. Nielsen)* Maxo was the leading mosquito repellent coil in rural India in April 2007 (*Source: A.C. Nielsen)* and received "AAA Brand Performance Award" from All India Advertisers Association in 2002.

Focus on the rural markets

We believe that our focus on rural markets for our products will allow us to benefit from this growing sector where, as a result of difficulties with distribution, penetration of branded household care products has been slow. Maxo mosquito repellent coils were marketed to India's rural markets and became a leading coil brand in rural India where coils are more popular than other methods as a result of unreliable electricity supply. *Source: Euromonitor International, "Household Care", December 2006.* The market for FMCG in rural India is growing due to a monetary trickle-down effect from increased urbanization. Improved rural economic conditions have resulted in consumers shifting to branded and packaged products from unbranded products . In addition, good agricultural performance over 2003-2006 boosted rural household incomes, making rural consumers more interested in purchasing packaged household care products. For example, bar, detergents, household antiseptics/disinfectants and hand dishwashing liquid have benefited notably from this trend.

Innovation and product development

We believe a key factor in our ability to succeed and to continue to sustain and strengthen our business has been and will continue to be our ability to innovate and develop improvements to existing products and to create and introduce new products that will meet or create customer demands that are not presently being satisfied by available products. To do this, we have established an internal culture encouraging innovation and development. Members of our product development teams undergo competency-building training programs to gain better insight into consumer needs. In developing new products, they follow a structured process for identifying project ideas, testing hypotheses, establishing prospects, implementing improvements and sustaining benefits. This process has led to new product developments such as our fabric conditioner, Ujala Stiff & Shine and Jeeva natural soap. We have also been able to reduce the weight of our Ujala bottle that has lead to important raw material cost savings.

We have a research and development (R&D) team comprising of scientists and technicians from various disciplines. We have a product and formulation R&D centre and our R&D team aims at formulating innovative products and packaging concepts into aesthetically appealing product offerings for the benefit of consumers. This has enabled us successfully to identify and implement new products and product improvements.

Strong employee base and proven management team

We believe that our employee base is a key competitive advantage. As of July 31, 2007, we employed a work force of approximately 3,440 employees in India. Our senior management team has a breadth of experience in the FMCG industry. 140 of the senior management team members have been with us for over 5 years. The skills and diversity of our employees gives us the flexibility to respond to the needs of our customers and consumers. We are dedicated to the development of expertise and know-how of our employees and continue to invest in them through training and skills.

Our well-qualified and experienced management team has played a key role in the development of good corporate governance, effective internal controls and accounting policies, strong employee relations, and stable supply chain relationships.

Our Vision

Our vision is to develop innovative brands, to tap high growth categories and to reach underdeveloped markets and emerging categories to meet the day-to-day requirement of every Indian household. We also seek to promote our core values that include offering value for money products to the common man.

Our Strategy

We intend to work toward achieving our vision and to grow our business by implementing the following key strategies.

Leverage our dominant Ujala brand with other branded fabric care products

We plan to leverage the dominant market leadership of the Ujala brand with our Ujala Stiff & Shine and Ujala washing powder products. We intend to launch our Ujala Stiff & Shine product nationally in 2007. We believe that the well-known brand equity of Ujala and our wide distribution reach will help us successfully develop Ujala Stiff & Shine as a national brand. We launched our Ujala washing powder in Kerala in 2005 and will launch the product in other southern Indian states in 2007. We believe our strong presence and local knowledge will allow us to develop Ujala washing powder as a strong regional brand.

Increase Maxo's Presence

We plan to increase the market share and presence of our Maxo products

- through the introduction of liquid vaporizers and aerosol spray products;
- through an increase in market penetration of our products;
- through marketing and product enhancements designed to attract customers from segments of the population and from regions where our competition is strong;
- through sales and marketing efforts in Bangladesh where we can leverage the strength of our Maxo brand; and
- through the acquisition of local brands in select markets;

Utilize our wide distribution network and marketing expertise

We intend to utilize our wide distribution network and marketing expertise to attract joint venture partners with existing branded products as well as new and innovative product ideas. In the year ended June 30, 2007 and the financial year ended June 30, 2006 , we had consolidated net sales of Rs. 83.42 million and Rs. 60.59 million, respectively from our joint ventures and marketing contracts. Where possible we intend to obtain joint brand ownership and joint control over the marketing, sales and distribution of these branded products. For example, we have entered into joint ventures to market and distribute coffee and dhoop, which is a variety of agarbatti, aimed at customers with astrological interests and beliefs. We also have an agreement with Godrej Tea Limited to distribute its Godrej Tea brand in India.

In addition, our Board has approved a proposal to establish joint venture (with at least 75% of the equity owned by the Company) to manufacture and market our Ujala and Maxo products in Bangladesh. Our Board has approved an investment up to Rs. 75 million in this Bangladesh joint venture.

Improve efficiencies and manage our costs

We seek to improve efficiencies and costs from the sourcing of the raw materials to the supply of products to consumers. Certain areas identified by us for cost reduction projects include packaging design, raw material management, improving yields and tax structuring. We set cost improvement targets each year and offer performance based incentives to key managers to meet such targets. We believe that by aggressively seeking to cut costs throughout our production, distribution and sales process, we are able to sustain our culture of innovation and development and to compete more effectively with our competitors.

Increase focus on supermarket and hypermarket sales

India has in the recent past witnessed the emergence of new supermarket and hypermarket chains. While the current share of our revenues through these chains is not significant, it is expected that this may rise significantly in the next few years, especially in the larger cities. In general, the trade margins and discounts expected by supermarket chains in India are higher than traditional retail outlets. However, we believe that new supermarket and hypermarket chains generally provide an opportunity for better merchandising and visibility and cost savings through direct sales rather than through intermediaries and rationalization of packaging. As the presence and importance of new supermarket and hypermarket chains increases, we intend to adapt our distribution and selling strategies to take advantage of new benefits and seek to maintain and strengthen our brands and our sales.

Pursue selective acquisitions

We intend to make acquisitions in the future as part of our growth strategy in India. We intend to target acquisitions which will strengthen our market position in our key product areas or our manufacturing capabilities. For example, we acquired a local fabric whitener brand called "Ruby Liquid Blue" on April 19 ,2007 from Messrs. Bangalore Detergents and Plastic Company for a consideration of Rs. 10 million. We also acquired a fabric whitener brand called "More Light" on May 31, 2007 from Modern Chemical (India) & Mod Chem (India) Private Limited for a consideration of Rs. 9.5 million. We continuously evaluate acquisition opportunities that arise.

Our Products

We focus on providing branded household goods in fabric care, mosquito repellent, dishwashing, ayurvedic bath and incense and aroma sticks.

The following table sets forth the gross sales from our major product categories.

(Rs. millions)

Product Categories	**Financial Year ended June 30, 2007**	**Financial Year ended June 30, 2006**	**Financial Year ended June 30, 2005**	**Financial Year ended June 30, 2004**
Fabric Care	1,961.11	1,806.21	1,600.20	1,389.57
Mosquito Repellent........	1,695.38	1,367.13	1,315.12	1,319.63
Dishwashing	316.93	196.78	132.77	107.99
Other Products	254.43	223.51	127.43	646.14
Joint Venture and Third Party Products*	110.46	69.38	0.00	0.00

* For further information about our joint venture contracts, see the section titled "History and Corporate Structure-Material Contracts" on page 69 of this Red Herring Prospectus.

Fabric care: Ujala

We market fabric care products through our Ujala brand. Branded fabric care products have historically produced the greatest proportion of our revenue, and Ujala, a leading fabric care brand, has been the flagship of our business. In particular, our first fabric care product, Ujala fabric whitener, was launched in 1983 (prior to the Company's incorporation). Ujala fabric whitener has a national presence and, ranked first in fabric whiteners with a 68.9% market share in India by value for the year ended June 30, 2007 and a 72.2% market share for July 2007. *(Source A.C. Nielsen).* We believe Ujala fabric whitener created a market for fabric whiteners because it was formulated for ease of customer use and provided uniform whitening that does not cause clothes to "blue" or appear patchy. We believe that these product advantages, along with our aggressive and informative advertising campaigns have built our Ujala brand.

In addition to fabric whitener, the Ujala brand also extends to washing powder with “opti-brighteners”, a formula developed by us to improve brightness of clothing. Our Ujala washing powder was launched in 2001. In 2006, Ujala washing powder ranked fifth in sales in Kerala selling 1,464 tons of powder (*Source: A.C. Nielsen*), and we will launch Ujala washing powder in other southern Indian States toward the end of 2007. We also introduced Ujala Stiff & Shine in Kerala in 2005 to stiffen and brighten clothes as a value added replacement for starch. We also plan to roll out other Ujala extensions such as stain removers, softeners and conditioners, and liquid detergent.

We believe that Ujala fabric care products enjoy well-known brand equity with consumers, which enables the products to be sold at a higher margin than they might be otherwise. In the Brand Equity Survey (The Economic Times, May 30, 2007), Ujala was among India’s 50 “Most Trusted Brands.”

The following table set forth the competitive position of our Ujala fabric whitener in India.

Market share for Fabric Whitener in India*

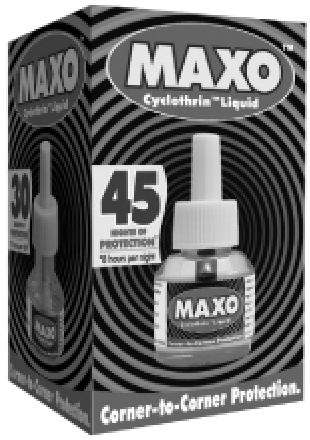
Period	% market share of Ujala by sales value		% market share of Competitor brand 1		% market share of Competitor brand 2	
	Value	Volume	Value	Volume	Value	Volume
Year ended June 30, 2004	65.1	48.3	4.2	3.1	3.2	3.6
Year ended June 30, 2005	66.7	49.3	4.3	3.2	3.3	3.6
Year ended June 30, 2006	68.5	53.1	4.0	3.4	3.8	4.9
Year ended June 30, 2007	68.9	53.5	4.2	3.5	3.1	4.1

(Source: A.C. Nielsen)

* Within the liquid blues subcategory, excluding local and miscellaneous companies, the Company and three of the Company’s competitors, no other competitor has a market share by sales value exceeding 1.5% and by volume exceeding 4.1% as of the year ending June 30, 2007.

Mosquito Repellent: Maxo

We entered the mosquito repellent sector in 2000 under the brand name Maxo to capitalize on the distribution network already established for our Ujala fabric whitener. Our principal product is Maxo mosquito coils, which are a spiraled insecticide that slowly burns when ignited. Our Maxo coils were launched in 2000 and are marketed nationally and we focus on rural markets, where the highest levels of mosquito population exist and where coils enjoy popularity over electrical insecticides due to electricity supply interruptions. Maxo’s sales value has grown over the last five fiscal years at a compound annual growth rate (CAGR) of approximately 19% from Rs. 675 million in 2002 to Rs. 1,366 million in 2006. Our Maxo mosquito repellent coils achieved a 19.7% market share in India by value for the year ended June 30, 2007 and a 20.8% market share by value for July 2007. *(Source: A.C. Nielsen).* In 2002, Maxo received the *AAA Best Brand Performance* award. Maxo's retail penetration reached 1.3 million retail outlets in June 30, 2007 according to A.C. Nielsen.



We extended the Maxo mosquito repellent brand into liquids in 2006 and aerosol sprays in 2007. Both liquids and aerosol sprays are marketed nationally. We have strategically linked all brand extensions with the common proposition of "corner to corner protection". In order to differentiate our brand from our competitors, we launched Red Giant, the largest-sized distributed coil in India, to carve out a niche in the market. Moreover, we have developed new packaging with distinct brand identity to promote our coils. The following table set forth the competitive position of our Maxo mosquito repellent coils in India.

Market share for Mosquito Coils in India*

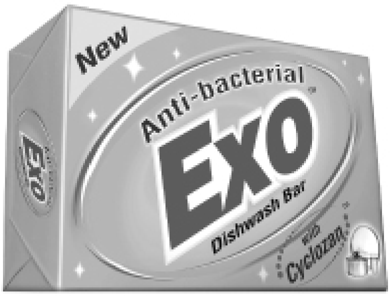
Period	% market share of Competitor brand [1]		% market share of Competitor brand [2]		% market share of Maxo	
	Value	Volume	Value	Volume	Value	Volume
Year ended June 30, 2004..........................	30.9	27.6	33.9	31.8	21.0	24.7
Year ended June 30, 2005..........................	35.7	31.0	30.1	28.5	21.3	25.9
Year ended June 30, 2006..........................	36.3	32.2	30.7	30.3	19.0	21.5
Year ended June 30, 2007..........................	37.1	33.5	28.2	27.7	19.7	22.2

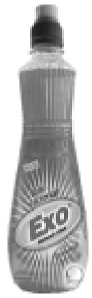
(Source: A.C. Nielsen)

* Within the coils subcategory, excluding the Company and three of its competitors no other competitor has a market share by sales value exceeding 3.1% and by volume exceeding 3.1% as of the year ending June 30, 2007.

Dishwashing Products: Exo

We entered the dishwashing products with the Exo dishwash bar to capitalize on the distribution strength of Ujala. Exo's brand platform is "Exo stands for Extra clean and Extra hygiene." We launched our dishwash bar in 2000 and at that time the Exo dishwash bar was among India's first few anti-bacterial dish wash bars. Our Exo dishwash bar features Cyclozan, which contains an anti-bacterial agent that is designed to give a protective cover against bacteria contamination of utensils. The Exo dishwashing product brand has been extended into a dishwashing liquid detergent product named Exo liquid as well as dishwashing scrubber products named Exo Safai. We have positioned the Exo brand as giving consumers protection against bacterial contamination of utensils in addition to their promise of "clean and shiny" utensils. Currently our Exo dishwash bar is sold in southern India, but we plan a national launch in 2008.





The following table set forth the competitive position of our Exo dishwash bar in southern India.

Market share for the dishwash bars in Southern India*

Period	% market share of Competitor brand 1		% market share of Competitor brand 2		% market share of Competitor brand 3		% market share value of Exo	
	Value	Volume	Value	Volume	Value	Volume	Value	Volume
Year ended June 30, 2004	74.5	72.4	5.2	5.3	7.4	8.6	8.4	8.0
Year ended June 30, 2005	70.8	68.3	8.2	8.1	6.1	7.4	9.5	9.2
Year ended June 30, 2006	69.2	65.9	7.4	7.7	6.0	8.1	11.7	11.2
Year ended June 30, 2007	68.9	66.5	5.6	6.0	5.4	6.6	15.5	15.2

(Source: A.C. Nielsen)

* Excluding the Company and four of its competitors, no other competitor has a market share by sales value exceeding 1.9% and by volume exceeding 2.3% as of the year ending June 30, 2007.

Other Products: Maya and Jeeva

Maya incense sticks were launched on a national level in November 2001. To cater to the tastes of different consumer groups, Maya has been manufactured and distributed in different fragrances. The production of Maya incense sticks is outsourced.

We have introduced ayurvedic and natural bath soap products under the Jeeva brand. Our Jeeva brand was launched nationally in 2002; however, it achieved only a limited market penetration after an extensive advertising, publicity and promotional campaigns. Accordingly, we determined to reposition Jeeva and now have focused marketing of our Jeeva products primarily in Kerala for a few years.

Joint Ventures for marketing and distribution and Third-Party Products

In addition to our own branded products, we have joint ventures in which we distribute coffee and dhoops as well as an agreement to distribute tea. We have also entered into a Memorandum of Understanding to establish a joint venture in Bangladesh to manufacture and market Ujala and Maxo.

Continental Speciale (India) Private Limited ("CSPL") is a 50:50 joint venture established in May 2007 with CCL Products (India) Limited ("CCL Products") for the marketing and distribution of coffee under the "Continental Speciale" brand owned by CSPL. We are responsible for the marketing and distribution of the coffee products that are produced by CCL Products.

Balaji Telebrands Limited is a 50:50 joint venture with Shobha Kapoor and Ekta Kapoor established in November 2006 for the marketing and distribution of Ekta's Karyasiddhi Graha Shanti Dhoops, which is a variety of agarbatti aimed at customers with astrological interests and beliefs. The product is manufactured by Sudarshan Dhoop Private Limited and is distributed by us. Balaji Telebrands Limited owns and markets the Ekta's Karyasiddhi Graha Shanti Dhoop brand.

We also have an agreement with Godrej Tea Limited to distribute its Godrej Tea brand tea in India.

For further information about our joint venture contracts, see the section titled "History and Corporate Structure-Material Contracts" on page 69 of this Red Herring Prospectus.

Manufacturing

We manufacture our products through 21 manufacturing facilities in 14 locations across India, eight of which are tax efficient units. Tax efficient facilities are set up to take advantage of certain tax breaks offered by the central and state governments. Manufacturing facilities located in these geographical locations are granted the following fiscal exemptions and concessions:

1. exemptions from income tax on profits made from these facilities,
2. exemptions and refunds of excise duty on products manufactured at those units
3. exemption/deferral from payment of VAT or Sales tax payable on sale of products of these units within specified areas by the concerned state governments.

For more information on the tax benefits afforded to our facilities, see "Statement of General Tax Benefits" beginning on page 27 of this Red Herring Prospectus.

As part of our efforts to expand, we are in the process of establishing new tax efficient manufacturing facilities in Uttaranchal (Uttarakhand). We also maintain an in-house engineering research and development and machinery manufacturing facility at Pondicherry.

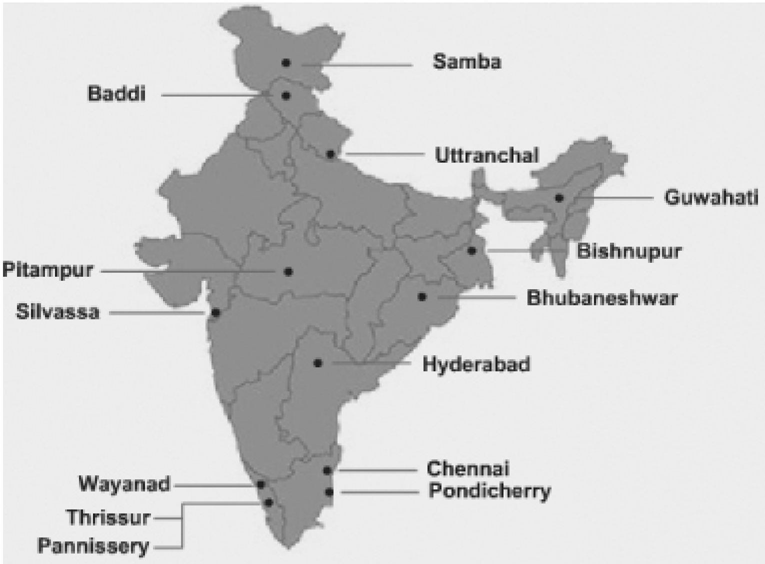
Our various manufacturing facilities, and the products manufactured at these facilities are as follows:

Sr. No.	Location	State	Products manufactured	Year of Commencement
1	Bhubaneshwar	Orissa	Fabric Whitener (Ujala)	1997
2	Bishnupur	West Bengal	Fabric Whitener (Ujala)	1999
3	Chennai	Tamil Nadu	Fabric Whitener (Ujala)	1993
4	Guwahati	Assam	Mosquito Repellant Coils (Maxo) and Fabric Whitener (Ujala)	2002
5	Baddi	Himachal Pradesh	Fabric Whitener (Ujala), Fabric Conditioner (Stiff & Shine)	2005
6	Kandanassery	Kerala	Fabric Whitener (Ujala)	1983
7	Mehboobnagar	Andhra Pradesh	Fabric Whitener (Ujala)	1999
8	Pannissery I	Kerala	Oil based Soaps—Nebula & Vanamala	1994
9	Pannissery II—Koonamoochy	Kerala	Exo Dishwash powder, Detergent	2002
10	Pondicherry	Pondicherry	Fabric Whitener (Ujala), Dishwashing (Exo Bar), Personal Care (Jeeva)	2002
11	Salem	Tamil Nadu	Exo Dishwash powder, Ujala Detergent	2003
12	Silvassa	Daman & Diu	Fabric Whitener (Ujala)	1999
13	Hyderabad (Subsidiary)	Andhra Pradesh	Mosquito Repellant Coils (Maxo)	1999
14	Wayanad	Kerala	Fabric Whitener (Ujala), Fabric Detergent (Ujala)	2001
15	Roorkee	Uttanchal	Fabric Whitener (Ujala), Fabric Detergent (Ujala)	Not commenced production
16	Bari Brahmana	Jammu	Mosquito Repellant Coils (Maxo)	Not commenced production

Our subsidiary Sri Sai Home Care Products Private Limited has a facility for the production of mosquito repellent coils located in Hyderabad. Our subsidiary Associated Industries Consumer Products Private Limited has a facility for the production of soaps and detergents located in Kerala. In addition to this facility, we outsource the manufacture of a significant portion of our Maxo products. We expect to invest Rs. 170 million in two plants located at Jammu and Guwahati to produce Maxo products that are currently outsourced. We expect that these plants will be online in December 2007.

We have entered into four agreements with third party manufacturers for the manufacture of Maxo mosquito coils in Samba (Jammu), Ludhiana, Hyderabad and Kollar(KGF) and one for Exo in Kerala. Typically, the agreements provide that the manufacturer will manufacture and we will purchase the product, on a principal-to-principal basis, in such quantities and at such prices as shall be determined. The product is manufactured with the approved raw material composition and specification and approved packing material sourced from our approved suppliers at approved rates. Generally, the manufacturer is responsible for manufacturing the products in accordance with the standards and specifications. The agreements provide that the manufacturer shall not have any right over any trademark, trade name etc. used by us or to which we are entitled and that all such intellectual property remains with us. Further, the manufacturers have undertaken to only use the information and data disclosed by us to manufacture the product and not to disclose it to any third party without our prior written consent. The agreements are on a non-exclusive basis and we are entitled to manufacture and buy the product or any similar goods from other parties, and to sell the product to any person in any territory in any manner and at any price. The agreements are typically for a period of three to five years and may be renewed for further periods by mutual consent.

Below is a map of our manufacturing facilities across India:



An important part of our manufacturing processes includes production of significant portions of the packaging and labeling of our products. In particular, we engage in low wastage of high density polyethylene ("HDPE") packaging. HDPE packaging is low cost, flexible, durable, and has the ability to withstand the sterilising process, and resistance to many chemicals.

Our Company has filed a notice dated May 31, 2007 under the Industrial Disputes Act, 1947 to close down our unit located at Pannissery, Kerala with effect from August 1, 2007 as this unit has been making losses. The main activity at this unit was the manufacture of an oil-based soap which was marketed in Kerala only. Further to the closure of the unit we expect to terminate the services of 71 workmen.

Materials Consumed

Expenditure for materials consumed comprised 22.62%, 22.89%, 22.12% and 24.06% of our total expenses (excludes depreciation, interest and finance charges) for the 15 months ended June 30, 2004, the financial years ended June 30, 2005, 2006 and 2007, respectively. Our raw materials include various chemicals and other materials used in our products as well as the materials for packaging of our products. We source our raw materials from various suppliers. We do not have long-term supply contracts. Important raw materials for production of our products include HDPE, acid slurry, synthetic organic dye (SOD), Koylene, LABSA (sulphuric acid), esbiothrin (insecticide) and brown sawdust.

We source HDPE, our largest raw material expenditure, from four local suppliers. Esbiothrin, an insecticide used in our Maxo coils is sourced from a single supplier, an Indian subsidiary of a Japanese manufacturer. We obtain our esbiothrin at a negotiated price at a discount to published rates and receive quantity discount for the Esbiothrin used by our third-party manufacturers of Maxo products. Supplies of brown sawdust are seasonal, and we stockpile these when available for the manufacture of Maxo coils.

Research and Development

Our research and development team comprises scientists and technicians from various disciplines. We have a product and formulation R&D centre and our R&D team aims at formulating innovative products and packaging concepts into aesthetically appealing product offerings for the benefit of end consumers. This has enabled us to successfully diversify into various new product categories such as fabric washing powder, fabric stiffener, mosquito repellent coil and aerosol, ayurvedic soap, dish wash detergent with Cyclozan, dish scrubber, and incense sticks. We intend to continue promoting strong R&D to formulate innovative products throughout different market sectors.

Our approach to R&D focuses on project feasibility studies. We believe that our products should necessarily be born out of consumer need. In connection with this approach to R&D and consumer need, we test new products in the southern states to determine feasibility and understand whether consumer demand will be sufficient. We have traditionally launched new products through the southern states prior to a broader, and eventually national, roll out.

Marketing

Our marketing is a key factor in developing brand awareness and stimulating consumer demand. Over a period of time we have built substantial brand equity for our products and services as a result of the efforts of our marketing team.

We invest in advertisement and sales promotion (ASP) to build awareness and loyalty for our brands in the minds of consumers. During the financial year ended June 30, 2006, ASP expenditure constituted 9.08% of our consolidated total income and during the financial year ended June 30, 2007 it was 9.09% of our consolidated total income. ASP is incurred both on strengthening established brands and nurturing new ones. We use various media such as television, radio, press, outdoor hoardings, and the Internet to communicate with our consumers. We also focus on marketing to retailers to increase brand awareness and generate positive placement of our products in retail outlets.

Distribution

We have established a distribution network across India with a sales staff of over 1,500 people servicing approximately 2,500 distributors. According to A.C. Nielsen, our Ujala fabric whitener was available in approximately 2.80 million outlets in India as of June 30, 2007. We believe that our field staff have a direct reach of approximately 1 million retail outlets.

We have a sales force headed by three general managers . Our sales force at July 31, 2007 included 36 state managers, 165 area officers and 1,161 market intelligence assistants. We have 38 sales depots across India.

Our products are sold through supermarkets as well as smaller, independent stores that have close proximity to residential areas (called kiranas). We sell our products to distributors in Kerala and Tamil Nadu, to stockists in Karnataka and Maharashtra and to super-stockists in the rest of India, who in turn resell down the distribution chain at a sales price as set by the Company. We sell our products at an average price that is approximately 25% less than the maximum retail price (MRP).

Payment terms for our products typically range from 30-60 days depending on the market and the season. No credit terms are extended to related parties.

We have focused on improving the productivity of our sales and distribution system. We have made investments in information technology to help connectivity and ensure speedier processing of information. We have two-level disaster recovery systems. Our robust information technology infrastructure connects 65 locations on line.

In addition to the distribution of our products in India, we export our products to 14 countries in southeast Asia and the Gulf peninsula, including Sri Lanka, Bangladesh, Mauritius, Malaysia, United Arab Emirates, Hong Kong and Saudi Arabia.

Human Resources

We are a professionally managed company that has sought to build for itself a stimulating work culture that empowers people, promotes team building, encourages new ideas and motivates performance. We believe in meritocracy and this policy commences with hiring individuals with the right expertise and experience while ensuring that progress in the organisation is not dependent solely on tenure.

As at July 31, 2007, we had over 3,400 employees in India. The number of employees in each of our divisions as of that date is as follows:

- Sales (All India)—1,362 employees;
- Production (21 factories)—1,975 employees;
- Machine Designing & Fabrication—90 employees;
- Information Technology—15 employees;
- Research & Development—14 employees; and
- Administration (head office and regional offices)—71 employees.

As at July 31, 2007, approximately 475 of our employees at two locations were members of trade unions and we have entered into wage settlement agreements with them. We have had no recent strikes or work stoppages and we have a good relationship with our workforce.

Insurance

We maintain insurance for certain risks including insurance against standard fire and shock in respect of two manufacturing locations, which covers loss and damage due to fire. We maintain a key man insurance policy for our Deputy Managing Director. In addition, we have obtained insurance for vehicles owned by us. Most of our manufacturing units are uninsured. We have obtained the above insurance policies from New India Assurance Company Limited, ICICI Prudential Life Insurance Company Limited and United India Insurance Company Limited.

Intellectual Property

We maintain the ownership of, and control the use of, our brands and products by means of intellectual property rights, including, but not limited to, the use of patents, trademarks, limited licenses, trade secrets and contractual language placed on packaging.

Pursuant to the investment agreement with CDC Financial Services (Mauritius) Limited, SARF and Canzone, our Promoter, Mr. M. P. Ramachandran has transferred the whole of his right, title and interest in the intellectual property rights registered in, or pending registration in the name of our Promoter, and his sole proprietorship firm, Jyothy Laboratories. This transfer was done by way of assignment of trademarks and copyrights. For further details of the assignment, see the sections "History and Certain Corporate Matters—Material Contracts" and "Government Approvals—Trademark Licenses" on page 69 and page 207 of this Red Herring Prospectus. While the key items of intellectual property are now registered in our name, some of the intellectual property used by us is still registered in our Promoter's name and the formalities of registration in our name have not yet been completed.

Properties and Facilities

Our Registered and Corporate Office is located at 43, Shivshakti Industrial Estate, Andheri-Kurla Road, Marol, Mumbai 400 059.

We have manufacturing units which are located across the country. While we own some of the land on which our manufacturing facilities are located, we have also taken on lease land in certain instances both from private parties as well as from the government. Our leases typically have long terms. For example, we have taken on lease land in Bhubaneswar, Orissa from the Orissa Infrastructure Development Corporation for a period of 90 years.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies prescribed by the Government of India as applicable to our business. The information in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and this section is only intended to provide general information to the investors. It is neither designed nor intended to be a substitute for professional legal advice.

Ownership Restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of a company. However, the limit of 24% can be raised up to the permitted sectoral cap for that company if approved by its board of directors and shareholders. The total holding of a single FII should not exceed 10% of the post-issue paid-up capital of the company or 5% of the total paid-up capital if such sub-account is a foreign corporate or an individual. For an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the company.

Environmental Legislation

Environment Protection Act, 1986

The Environment Protection Act, 1986 enacted with the purpose of protecting and improving the environment, empowers the Central Government to, inter alia, take all such measures as it deems necessary or expedient for the purpose of protecting and improving the quality of the environment and preventing, controlling and abating environmental pollution, make rules for various purposes including prescribing the standards of quality of air, water or soil for various areas and purposes and prescribing the maximum allowable limits of concentration of various environmental pollutants for different areas; laying down standards for emission or discharge of environmental pollutants from various sources; restriction of areas in which any industries, operations or processes or class of industries, operations or processes shall not be carried out or shall be carried out subject to certain safeguards; and inspection of any premises, plant, equipment, machinery, manufacturing or other processes, materials or substances and giving, by order, of such directions to such authorities, officers or persons as it may consider necessary to take steps for the prevention, control and abatement of environmental pollution.

Water (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of Pollution) Cess Act, 1977

The Water (Prevention and Control of Pollution) Act, 1981 prohibits the use of any stream or well for the disposal of polluting matter in violation of standards set down by the State Pollution Control Board. This Act also provides that the consent of the State Pollution Control Board must be obtained before opening any new outlets or discharges that are likely to discharge sewage or effluent. In addition, the Water (Prevention and Control of Pollution) Cess Act, 1977 (the "**Water Cess Act**") requires a person carrying on any industry specified in Schdule I of the Water Cess Act to pay a cess in this regard. The cess to be paid is to be calculated on the basis of the amount of water consumed by such industry and the industrial purpose for which the water is consumed. The rates to be charged in this regard are specified in Schedule II of the Water Cess Act. The person in charge must affix meters of prescribed standards to measure and record the quantity of water consumed. A monthly return showing the amount of water consumed in the previous month must also be submitted.

Air (Prevention and Control of Pollution) Act, 1981

Under the Air (Prevention and Control of Pollution) Act, 1981 no person may establish or operate an industrial plant in any area that has been notified as an air pollution control area by the state government without the consent of the State Pollution Control Board The State Pollution Control Board is required to grant consent within four months of receipt of an application to establish or operate an industrial plant in an air pollution area. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

Hazardous Wastes (Management and Handling) Rules, 1989

The Hazardous Wastes (Management and Handling) Rules, 1989 ascribes responsibility to the occupier and the operator of a facility that treats hazardous wastes to properly collect, treat, store or dispose of the hazardous waste without adverse effects on the environment. They must take steps to ensure that persons working on the site are given adequate training and equipment to carry out the work. When an accident occurs in a hazardous site or during transportation of hazardous waste, the State Pollution Control Board must be immediately alerted. If, due to improper handling of hazardous waste, any damage is caused to the environment, the occupier or the operator of the facility will have to pay for the necessary remedial and restoration work.

Labour Legislation

Employees Provident Funds and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the "**Employees Insurance Act**") mandates a provident fund, family pension fund and deposit-linked insurance in certain establishments. The Provident Fund Act is applicable to all factories engaged in an industry specified in Schedule I of the Act, to those establishments which employ more than 20 persons or more and to those classes of establishments that have been notified by the Central Government. The Employees Provident Fund Scheme framed under the Provident Fund Act requires the employers and employees to contribute an amount equal to 12% of the employees' salary (consisting of basic wage, with dearness allowances, retaining allowance and cash value of food concessions) towards the employees provident fund. Employees who earn less than Rs. 6,500 per month are compulsorily required to join the provident fund scheme while employees earning above Rs. 6,500 per month may join the scheme with the consent of the employer. An employee is eligible for membership to the scheme from the date he joins an establishment to which the Act applies. The Provident Fund Act, inter alia, provides for:

- Certain exemptions to the obligation to provide scheme(s) under the Provident Fund Act, which relate to the establishment itself, particular classes of employees or individual employees;
- Appointment of an inspector to secure compliance under the Provident Fund Act; and
- Mode of recovery of monies due from employers.

The funds established under the Employees Insurance Act vest in and are administered by the Central Board of Trustees and function within the overall regulatory control of the Central Government.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972, an employee in a factory is deemed to be in continuous service for a period if he has, for that period, been in uninterrupted service notwithstanding the fact that his service may have been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault to of the employee. Further, the employee shall be said to be in a period of continuous service for 12 months if he has worked at least 240 days in that period of 12 months and, similarly, shall be said to be in continuous service for a period of six months if he has worked for at least120 days in that period of six months. An employee who has been in continuous service for a period of five years will be eligible for a gratuity upon his retirement, superannuation, death or disablement. The maximum amount of gratuity payable must not exceed Rs. 350,000.

Payment of Bonus Act, 1965

Under the Payment of Bonus Act, 1965, an employee in a factory who has worked for at least 30 working days in a year is eligible to be paid a bonus. The minimum bonus under the Act must be paid, irrespective of the existence of any allocable surplus. If the allocable surplus exceeds minimum bonus payable, then the employer must pay a bonus proportionate to the salary or wage earned during that period, subject to a maximum of 20% of such salary or wage. "Allocable surplus" is defined as 67% of the available surplus in the financial year, before making arrangements for the payment of dividend out of profit. Contravention of the Act is punishable by up to six months imprisonment, a fine of up to Rs. 1,000 or both.

The Employees State Insurance Act 1948

The Employees State Insurance Act, 1948 (the "**Employees Insurance Act**") applies to all factories other than seasonal factories. The Employees Insurance Act is applicable to establishments with a minimum of 10 employees in units which manufacture with the aid of power and more than 20 employees in establishments which manufacture without the aid of power as per a notification dated November 12, 1978. It does not apply to employees drawing wages exceeding Rs. 10,000 per month. The Employees State Insurance (Central) Rules, 1950 provide that the employer's contribution to the Employees' State Insurance Corporation shall be a sum equal to 4.75% of the wages payable to an employee and the employee's contribution shall be equal to 1.75% of the wages payable to an employee. Any contribution payable under the Employees Insurance Act may be recovered as an arrear of land revenue.

The benefits available to employees under the Employees Insurance Act include: (a) Sickness Benefit; (b) Maternity Benefit; (c) Disablement Benefit; (d) Dependants Benefit; (e) Medical Benefits; and (f) Funeral Expenses. The right to receive any payment of any benefit is not transferable or assignable and is not liable to attachment or sale in execution of any decree or order of any Court. A person who fails to pay contributions shall be punishable with imprisonment which may extend to three years and fine.

Maternity Benefit Act, 1961

The Maternity Benefit Act, 1961 (the "**Maternity Benefit Act**") provides that a woman who has worked for at least 80 days in the 12 months preceding her expected date of delivery is eligible for maternity benefits. Under the Maternity Benefit Act, a woman working in a factory, mine or plantation or a woman working in a shop or establishment in which 10 or more persons are employed, or were employed, on any day of the preceding 12 months; or a woman working in any other establishment, or class of establishments, notified by the Central Government may take leave for six weeks immediately preceding her scheduled date of delivery and for six weeks immediately after her date of delivery. The Maternity Benefit Act stipulates that for this period of absence the woman must be paid maternity benefit at the rate of the average daily wage. The average daily wage is defined as "*the average of the woman's wages payable to her for the days on which she has worked during the period of three calendar months immediately preceding the date from which she absents herself on account of maternity, or the minimum rate of wage fixed or revised under the Minimum Wages Act, 1948 or Rs.10, whichever is the highest*". Further, the woman entitled to maternity benefits is also entitled to a medical bonus of Rs. 250 and additional leave for illness arising due to maternity. Contravention of the Maternity Benefit Act is punishable by imprisonment upto one year, a fine of up to Rs. 5,000 or both. The Maternity Benefit Act does not apply to any factory or industrial establishment to which the Employees State Insurance Act, 1948 applies.

Minimum Wages Act, 1948

Under the Minimum Wages Act, 1948, the State Governments may stipulate the minimum wages applicable to a particular industry. The minimum wages generally consist of a basic rate of wages, cash value of supplies of essential commodities at concession rates and a special allowance, the aggregate of which reflects the cost of living index. Workers are to be paid for overtime at the overtime rates stipulated by the appropriate State Government. Any contravention may result in up to six months imprisonment or a fine of up to Rs. 500 or both.

Workmen's Compensation Act, 1923

The Workmen's Compensation Act, 1923 provides that where personal injury is caused to a workman by accident during his employment, his employer would be liable to pay him compensation. However, no compensation is required to be paid if the injury did not disable the workman for three days, if the workman was at the time of injury under the influence of drugs or alcohol, or if he willfully disobeyed safety rules. Where death results from the injury, the workman is to be paid the higher of 50% of his monthly wages multiplied by the prescribed relevant factor (an inverse ratio to the age of the workman, the maximum of which is 228.54 for a workman aged 16) and Rs. 80,000. Where permanent total disablement results from injury, the workman is to be paid the higher of 60% of his monthly wages multiplied by the prescribed relevant factor or Rs. 90,000. The maximum wage considered for the purposes of calculating the compensation is Rs. 4,000.

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 (the "**Contract Labour Act**") regulates the use of contract labour in certain establishments. It applies to every establishment where 20 or more workmen are employed and to every person who acts as a contractor employing 20 or more workmen. A contractor is described as a person who in relation to an establishment undertakes to produce a given result or provide contract labour. The Contract Labour Act does not apply to establishments where only work of a seasonal nature is performed. Establishments employing contract labour are required to be registered as a principal employer with the government and contractors employing contract labour are required to obtain a proper license from the government. The government may also, by notification, prohibit the employment of contract labour in any process, operation or other work in any establishment. Establishments employing contract labour have certain obligations with respect to the welfare and health of contract labour, such as providing them with canteens, rest-rooms, first-aid facilities and such wages as may be prescribed by the government, The Contract Labour Act also contains penal provisions laying down the penalty for contravening the provisions of the Contract Labour Act.

Factories Act, 1948

The Factories Act, 1948 (the "**Factories Act**")defines a factory as any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power; and any premises where there are at least twenty workers even though there is or no electrically aided manufacturing process being carried on. Each State Government has rules relating to the prior submission of plans, obtaining their approval, registration and licensing of factories.

The Factories Act provides that an occupier of a factory (the person with ultimate control over the affairs of the factory and, in the case of a company, any of the directors) must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of 14 in a factory. Any contravention may result in the occupier and the manager of a factory being punished by up to two years' imprisonment, a fine of up to Rs. 100,000 or both. If such contravention continues after conviction, the occupier and the manager of a factory may be punished with a fine of up to Rs. 1,000 per day of contravention.

Industrial Employment (Standing Orders) Act and Regulations

The Industrial Employment (Standing Orders) Act 1946 (the "**Standing Orders Act**") requires every industry in which 100 or more workmen are employed and every industry notified by the government to submit standing orders, containing the conditions of employment in the industry, to a certifying officer. Such standing orders must include provisions dealing with various matters relating to employment, such as attendance and termination of employment, set out in Schedule I of the Standing Orders Act. Once submitted, the standing orders shall be certified by the certifying officer after hearing representations from the workmen or trade union of the industry and the employer. The certified standing orders must be posted in a prominent place in the establishment by the employer. The Standing Orders Act also lays down certain penalties for contravening the provisions of the Standing Orders Act.

Shops and Commercial Establishments Act

The Shops and Establishments Acts regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work. Each state has passed its own Shops and Establishments Act to regulate conditions of work in the state. The act applies to local areas as notified by the government of each state. The act mandates registration of shops and establishments. A statement is required to be filed by the employer containing names, category and other particulars of the establishment or shop of the inspector of the concerned local area within 30 days of the date on which the establishment commenced its work. If there are any changes in the particulars supplied, the same must be notified to the inspector. The closing of the establishment needs to be notified to the inspector within 10 days of such closing. The act regulates the opening and closing hours of shops and commercial establishments. It also specifies the daily and weekly hours of work in shops and commercial establishments and the rest interval that must be provided to employees. Matters such as the spread-over in shops and establishments and the weekly holidays for employees have been specified in the act. The act prohibits the employment of children and regulates the employment of young persons and women in shops and establishments. The act also contains provisions dealing with payment of wages to employees and leave with pay. There are various regulations that need to be observed to ensure the health and safety of the employees. The act provides for penalties for the contravention of various provisions under the Act and enhanced penalty in case of previous conviction under certain sections of the act.

Product Related Legislation

The Standard of Weights and Measures Act, 1976

The Standard of Weights and Measures Act, 1976 (the "**Weights and Measures Act**") aims at introducing standard in relation to weights and measures used in trade and commerce. The Weights and Measures Act stipulates that every unit of weight or measure shall be based on the units of the metric system. The Weights and Measures Act further lays down requirements for the physical representation of standard units. The Weights and Measures Act provides to prescribe specification of measuring instruments used in commercial transaction, industrial production and measurement affecting public health and human safety. The specifications are given in the Standard of Weights and Measures (General) Rules 1987. The Weights and Measures Act Act contains penal provisions for violating the provisions of the Weights and Measures Act Act. While the Weights and Measures Act is a central legislation, its enforcement lies with the state governments through the Standards of Weights and Measures (Enforcement) Act, 1985. The Weights and Measures Act also gives powers to inspectors to search, seize and forfeit non-standard weight or measures. The Packaged Commodities Rules 1977 framed under the Weights and Measures Act contains provisions laying down the norms to be followed, in the interests of consumer safety, when commodities are sold or distributed in packaged form in the course of inter-state trade or commerce.

Insecticides Act, 1968 and the Insecticide Rules, 1971

The Insecticides Act, 1968 (the "**Insecticides Act**") and the Insecticides Rules, 1971 govern the sale, manufacture and distribution of substances containing insecticides. Under the Act, the Government has created the Central Insecticides Board. The Central Insecticides Board may advise on matters relating to the risk, to human beings or animals, involved in the use of insecticides, the safety measures necessary to prevent such risk and the manufacture, sale, storage, transport and distribution of insecticides with a view to ensuring the safety of human beings or animals. A Registration Committee, as envisaged by the Insecticides Act has also been established which, *inter alia*, registers insecticides after scrutinizing their formulae and verifying claims made by the importer or the manufacturer, as the case may be, as regards their efficacy and safety to human beings and animals. Such registration is compulsory for a person desiring to import or manufacture any insecticide.

Any person desiring to manufacture, sell, distribute, stock or exhibit for sale any insecticide, or to undertake commercial pest control operations using any insecticide, must apply to the licensing officer appointed under the Act for a licence. The licensing officer may grant a licence in such form, on such conditions and on payment of such fee as may be prescribed. The licence granted shall be valid for the period specified therein and may be renewed from time to time for such period and on payment of such fee as may be prescribed.

If the licensing officer is satisfied that a licence has been granted because of misrepresentation as to an essential fact, that the licence holder has failed to comply with the conditions of the licence or has contravened any provision of the Act or the Rules, the licensing officer may, after giving the licence holder an opportunity to show cause, revoke or suspend the licence.

No person is allowed to stock or exhibit for sale, distribute or cause to be transported, any insecticide unless it is packed and labelled in accordance with the provisions of the Insecticides Rules.

Drugs and Cosmetic Act, 1940 and the Drugs and Cosmetic Rules, 1945

The sale, manufacture and distribution of ayurvedic soaps is governed by the Drugs and Cosmetic Act, 1940 and and the Drugs and Cosmetic Rules, 1945.

An application must be made to obtain a license to manufacture for sale any ayurvedic (including siddha) or unani drugs. If such drugs are manufactured on more than one set of premises, a separate application must be made and a separate license must be obtained for each premises.

The Rules provide that no cosmetic shall be manufactured which contains dyes, colours and pigments other than those specified by the Bureau of Indian Standards and under the Act. The Act defines "cosmetic" as any article intended to be rubbed, poured, sprinkled or sprayed on, or introduced into, or otherwise applicated to, the human body or any part thereof for cleansing, beautifying, promoting attractiveness, or altering the appearance, and includes any article intended for use as a component of a cosmetic.

Small Scale Sector Policy

The Government follows a policy of encouraging growth of small scale industries, which are defined to include industrial units where the investment in fixed assets in plant and machinery, whether held on ownership terms or on lease or by hire purchase, does not exceed Rs. 50 million.

Clause (2A) of section 29B of the Industries (Development and Regulation) Act, 1951 (the "Industries Act") empowers the Government to direct that an article shall be reserved for exclusive production by the ancillary or small scale industrial undertakings. This list is reviewed from time to time and the Government issues notifications modifying the list of reserved items. Manufacture of items reserved for the small scale sector can also be taken by large/medium units, if they apply for and obtain an industrial license and undertake to export 50% or more of their production.

The Industries Act speaks of small scale industries and ancillary industries. Section 3(aa) read with the proviso to Section 11B of the Industries Act provides that the following requirements are to be complied with by an industrial undertaking in order to be regarded as an ancillary industrial undertaking:

An industrial undertaking which is engaged or is proposed to be engaged in the manufacture or production of parts, components, sub-assemblies, tooling or intermediates, or the rendering of services and the undertaking supplies or renders or proposes to supply or render not less than 50 per cent of its production or services, as the case may be, to one or more other industrial undertakings and whose investment in fixed assets in plant and machinery whether held on ownership terms or on lease or on hire-purchase, does not exceed Rs 10 million.

The term tiny industry is not defined in the Industries Act but an industry in certain states like Assam and Tripura may be registered as a tiny industry if the investment limit in plant and machinery does not exceed Rs 2.5 million.

HISTORY AND CORPORATE STRUCTURE

Our History

In 1983, our Promoter, Mr. M. P. Ramachandran, started Jyothy Laboratories, a sole proprietorship firm, in Kerala, which was involved in the business of manufacturing and selling fabric whitener under the name "Ujala".

We were incorporated as Jyothi Laboratories Private Limited on January 15, 1992. We used certain intellectual property on license from our Promoter. On September 13, 2002, our Promoter agreed to transfer his rights, and the rights of Jyothy Laboratories, in the intellectual property to us.

We became a public limited company and our name was changed to Jyothi Laboratories Limited on October 6, 1995. We further changed our name to Jyothy Laboratories Limited on August 12, 1996.

Our Registered Office was moved from Ward 2, Door No. 211, Kandanassery, Thrissur, Kerala to 43, Shivshakti Industrial Estate, Andheri-Kurla Road, Marol, Mumbai 400 059, Maharashtra on July 7, 2000.

Key Milestones

Year	Event
1983	• Mr. M. P. Ramachandran starts Jyothy Laboratories as a proprietary concern in Kerala • Ujala is launched
1984	Ujala is sold house-to-house through a team of six sales people in the Trichur and Malappuram districts of Kerala
1986	Jyothy Laboratories releases its first print advertisement in the Kerala-based Mathrubhoomi newspaper
1987	• Jyothy Laboratories starts advertisements on radio • Jyothy Laboratories graduates to a formal distribution system • Jyothy Laboratories ventures out of Kerala to the neighbouring state of Tamil Nadu
1992	• Chennai factory is commissioned to make Ujala • Our Company was incorporated
1994	We commission the Pondicherry plant, our first in a backward area utilizing government incentives
1995	We launch Nebula, an oil-based antibacterial washing soap in Kerala
1997	We launch Ujala all over India
2000	• We launch Maxo (mosquito repellent) in the state of West Bengal • Exo, an antibacterial dish wash bar, is launched in Kerala and later launched across Karnataka, Tamil Nadu and Andhra Pradesh
2001	• We launch Vanamala washing soap in Kerala • We launch Maya incense sticks in selected states • We acquire the detergents plant at Pithampur, Madhya Pradesh from Tata Chemicals Limited
2002	• We acquire our subsidiary, Sri Sai Homecare Private Limited, which has a mosquito coil production facility in Hyderabad • We launch Jeeva Ayurvedic Soap
2003	Maxo is awarded the "AAA Brand Performance Award" by the All India Advertisers Association
2005	• Exo Liquid and Ujala Stiff & Shine launched in south India
2007	• We start marketing and distributing coffee products under the brand name "Continental Speciale" in a joint venture with CCL Products (India) Limited

Year	Event
	• We enter into a joint venture agreement for the marketing of dhoop through a joint venture company Balajee Telebrands Limited • We enter into a deed of assignment of trademark and copyright for the brand “Ruby” • We enter into a deed of assignment of trademark and copyright for the brand “More Light”

Memorandum of Association

Our Main Objects

Our objects in our Memorandum of Association include:

(a) To set up and carry out research and development for the manufacture and development of soaps, soap powders, liquid whiteners, whitening agents, washing aids, hygiene products and allied items; and

(b) To carry on the business as manufacturers, producers, processors, makers, inventors, converters, importers, exporters, traders, buyers, sellers, retailers, wholesalers, suppliers, indenters, packers, movers, preservers, stockists, agents, sub-agents, merchants, distributors, consignors, jobbers, brokers, concessionaires or otherwise deal in all kinds and varieties of products used for or as personal care, fabric care, air care, hair care, household insecticides, surface cleaning, food and beverages, cosmetic and beauty products, dairy products, mineral water and ayurvedic/herbal based products.

Changes in our Memorandum of Association

The following changes have been made to our Memorandum of Association:

Date of Shareholder Approval	Changes
July 24, 1993	Our initial authorized capital of Rs. 2,000,000 comprising 400 equity shares with a face value of Rs. 5,000 each was increased to Rs. 5,000,000 comprising 1,000 equity shares of Rs. 5,000 each
February 25, 1995	Amendment to reflect our name change from Jyothi Laboratories Private Limited to Jyothi Laboratories Limited pursuant to our change in status from a private limited company to a public limited company
March 27, 1995	The authorized capital of Rs. 5,000,000 comprising 1,000 equity shares of Rs. 5,000 each was increased to Rs. 10,000,000 comprising 2,000 equity shares of Rs. 5,000 each
October 7, 1995	Amendment to reflect our name change from Jyothi Laboratories Limited to Jyothy Laboratories Limited
March 26, 1997	The authorized capital of Rs. 10,000,000 comprising 2,000 equity shares of Rs. 5,000 each was reclassified and increased to Rs. 50,000,000 divided into 4,500,000 Equity Shares with a face value of Rs. 10 and 50,000 Preference Shares
December 24, 1997	The authorized capital of Rs. 50,000,000 comprising 4,500,000 Equity Shares and 50,000 Preference Shares was increased to Rs. 60,000,000 comprising 5,500,000 Equity Shares and 50,000 Preference Shares
May, 27, 1999	An amendment to reflect the move in our Registered Office from Kerala to Maharashtra
February 1, 2000	The authorized capital of Rs. 60,000,000 comprising 5,500,000 Equity Shares and 50,000 Preference Shares was increased to Rs. 65,000,000 comprising 6,000,000 Equity Shares and 50,000 Preference Shares
September 29, 2001	The authorized capital of Rs. 65,000,000 comprising 6,000,000 Equity Shares and 50,000 Preference Shares was increased to Rs. 100,000,000 comprising 9,500,000 Equity Shares and 50,000 Preference Shares
October 22, 2001	Alteration to the main objects clause to include the following object as a new clause 1A: “*To carry on the business as manufacturers, producers, processors, makers, inventors, converters, importers, exporters, traders, buyers, sellers, retailers, wholesalers, suppliers, indenters, packers, movers, preservers, stockists, agents, sub-agents, merchants, distributors, consignors, jobbers, brokers, concessionaires or otherwise deal in all kinds and varieties of products used for or as personal care, fabric care, air care,*

Date of Shareholder Approval	Changes
	hair care, household insecticides, surface cleaning, food and beverages, cosmetic and beauty products, dairy products, mineral water and ayurvedic/herbal based products."
September 7, 2002	The authorized capital of Rs. 100,000,000 comprising 9,500,000 Equity Shares and 50,000 Preference Shares was reclassified into 10,000,000 Equity Shares
June 9, 2007	The authorized capital of Rs. 100,000,000 comprising 10,000,000 equity shares of Rs. 10 each was split into 20,000,000 Equity Shares of Rs. 5 each

Our Subsidiaries

Sri Sai Homecare Products Private Limited

Introduction

Sri Sai Homecare was incorporated on December 11, 1996 and has its registered office at Plot No. 47, Phase-I, I.D.A., Jeedimetla, Hyderabad- 500 055, Andhra Pradesh.

Its main objects, as set out in its memorandum of association, are:

(a) to manufacture, sell and distribute all types of mosquito coils, repellants and other related and allied products;

(b) to carry out the business of trading, importing, exporting, distributing, stocking, acting as C&F agents or otherwise and to generally deal in all kinds of domestic homecare and healthcare products, formulations and their allied products;

(c) to manufacture all types of machinery, equipments and other related components and parts of mosquito coils, repellants and their allied products; and

(d) to carry out the business of trading, importing, exporting, distributing, stocking, acting as C&F agents or otherwise and to generally deal in all kinds of machinery, equipments and other related components and parts of mosquito coils, repellants and their allied products.

Equity Shareholding Pattern

Sri Sai Homecare is our wholly owned subsidiary. As on October 20, 2007, it had an issued share capital of 1,039,550 equity shares, which have a face value of Rs. 10 each. We acquired it from Yodeva Plastics (Private) Limited pursuant to an agreement dated February 19, 2002, the terms of which are summarized in the section titled "History and Corporate Structure—Material Contracts" on page 69 of this Red Herring Prospectus.

The equity shares of Sri Sai Homecare are not listed on any stock exchange.

Board of Directors

The board of directors of Sri Sai Homecare, as on October 20, 2007, comprised of Mr. K. Ullas Kamath and Mr. T. G. Pradosh.

Financial Performance

(Rs. in million except per share data)

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	74.83	70.59	87.20
Profit/(Loss) after tax	5.55	1.13	13.10
Reserves and Surplus (excluding revaluation reserves)	—	—	—
Debit balance of Profit and Loss Account	(7.68)	(13.22)	(14.35)
Equity share capital (paid up)	10.39	10.39	10.39
Earnings/(Loss) per share (diluted) (Rs.)	5.33	1.08	12.60
Book Value (Rs./share)	2.38	(3.04)	(4.21)

Sri Sai Homecare is an unlisted company and it has not made any public or rights issue in the three years preceding the date on which this Red Herring Prospectus is filed. It has not become a sick company under the meaning of SICA and it is not under winding up.

Associated Industries Consumer Products Private Limited

Introduction

Associated Industries Consumer Products Private Limited was incorporated on May 30, 2007 and has its registered office at Paschim Boragaon, Guwahati - 781033, Assam. The company was first formed as a sole proprietary firm in the name of 'Associated Industries' of which Mr. Ashok Singhal was the sole proprietor. The firm was engaged in the business of manufacturing and trading of toilet soaps, detergent powders and cakes. It was later incorporated as Associated Industries Consumer Products Private Limited on May 30, 2007. We acquired it from Mr. Ashok Anand Singhal and Mrs. Shilpi Anand Singhal pursuant to an agreement dated September 12, 2007 by which we purchased the entire issued share capital of AICPL, which comprised 970,000 equity shares of Rs. 10 each. As on October 20, 2007 it had an issued share capital of 970,000 equity shares, which have a face value of Rs. 10 each.

Its main objects, as set out in its memorandum of association, are:

(a) to carry on the business as manufacturers, producers, processors, makers, convertors, importers, exporters, traders, buyers, sellers, retailers wholesalers, suppliers, indenters, packers, movers, preservers, stockists, agents, sub-agents, merchants, distributors, consignors, jobbers, brokers, concessionaires or otherwise deal in all kinds of proprietory product, hair, skin, nail and other beauty preparations, deodorants, aerosol, pump spray products, baby products, petroleum and other mineral oil products, chemicals, acids, and alkalis, all kinds of perfumery and other compounds, preparations, materials and products, bath products, care products, cotton swab, family planning appliances, hair dye pigments, varnishes, essential oils, detergents, insecticides, oils, beauty specialties, preparations, antiseptic or not, ingredients or accessories thereof and other materials or things capable of being used in connection with such manner, factor or business.

The equity shares of AICPL are not listed on any stock exchange.

Board of Directors

The board of directors of AICPL, as on October 20, 2007 comprised of Mr. K Ullas Kamath and Mr. T G Pradosh.

Financial Performance

Our acquisition of AICPL took place on September 12, 2007 and accordingly, was not consolidated in our restated consolidated financial statements for the year ended October 20, 2007.

AICPL is an unlisted company and it has not made any public or rights issue in the three years preceding the date on which this Red Herring Prospectus is filed. It has not become a sick company under the meaning of SICA and it is not under winding up.

Our Joint Ventures

Continental Speciale (India) Private Limited

Introduction

CSPL was incorporated on May 10, 2007 and has its registered office at 7-1-24/2/D, Greendale, Ameerpet, Hyderabad- 500016, Andhra Pradesh.

Its main objects, as set out in its memorandum of association, include acting as traders, distributers, brokers, importers, exporters of almost all varieties of coffee, setting up marketing and distribution networks for coffee, coffee vending machines and marketing products supplied by CCL Products (India) Limited.

Equity Shareholding Pattern

The equity shareholding pattern of CSPL, as on October 20, 2007, was as follows:

Shareholder	No of equity shares of Rs. 10 each	Percentage shareholding
Ms. M.R. Jyothy on behalf of Jyothy Laboratories Limited...............................	5,000	50%

Shareholder	No of equity shares of Rs. 10 each	Percentage shareholding
Mr. Challa Srikant on behalf of CCL Products (India) Limited................................	5,000	50%
TOTAL	**10,000**	**100%**

CSPL was set up as part of our joint venture with CCL Products (India) Limited. The terms of the joint venture are summarized in the section titled "History and Corporate Structure—Material Contracts—Joint Ventures" on page 70 of this Red Herring Prospectus.

The equity shares of CSPL are not listed on any stock exchange.

Board of Directors

The board of directors of CSPL, as on October 20, 2007, comprised of Mr. Challa Srishant and Ms. M. R. Jyothy.

Financial Performance

The Company has not commenced any business till June 30, 2007, information on its financial performance is not yet available.

CSPL is an unlisted company and it has not made any public or rights issue in the three years preceding the date on which this Red Herring Prospectus is filed. It has not become a sick company under the meaning of SICA and it is not under winding up.

CSPL is also part of our Promoter Group.

Balaji Telebrands Limited

Balaji Telebrands was incorporated on November 8, 2006 and has its registered office at Balaji House, C-13, Dalia Industrial Estate, New Link Road, Andheri West, Mumbai 400 053.

Its main objects, as set out in its memorandum of association, include manufacturing, processing, buying, selling, exporting, importing *agarbattis*, incense, scented body sprays, hair oil, perfumed idols, of its own brand as well as national brands and international brands.

Equity Shareholding Pattern

The equity shareholding pattern of Balaji Telebrands, as on October 20, 2007, was as follows:

Shareholder	No of equity shares of Rs. 10 each	Percentage shareholding
Ms. Shobha Kapoor	6,250	12.50%
Ms. Ekta Kapoor..	6,250	12.50%
Mr Ravi (Jeetendra) Kapoor	6,250	12.50%
Mr. Tusshar Kapoor...	6,250	12.50%
Mr. M. P. Ramachandran on behalf of Jyothy Laboratories Limited...	9,000	18%
Mr. K. Ullas Kamath on behalf of Jyothy Laboratories Limited...	8,000	16%
Ms. M.R. Jyothy on behalf of Jyothy Laboratories Limited..	8,000	16%
TOTAL	**50,000**	**100%**

Balaji Telebrands was set up as part of our joint venture with Ms. Shobha Kapoor and Ms. Ekta Kapoor. The terms of the joint venture are summarized in the section titled "History and Corporate Structure—Material Contracts—Joint Ventures" on page 70 of this Red Herring Prospectus.

The equity shares of Balaji Telebrands are not listed on any stock exchange.

Board of Directors

The board of directors of Balaji Telebrands, as on October 20, 2007, comprised of Ms. Shobha Kapoor, Ms. Ekta Kapoor, Mr. K. Ullas Kamath and Ms. Neetu Kashiramka.

Financial Performance

Balaji Telebrands was incorporated on November 8, 2006 and its financial performance for the financial year March 31, 2007 is as follows:

	Year ended March 31, 2007	**Year ended March 31, 2006**	**Year ended March 31, 2005**
	(Rs. in million except per share data)		
Total Income	10.53	—	—
Profit/(Loss) after tax	0.59	—	—
Reserves and Surplus (excluding revaluation reserves)	0.59	—	—
Debit balance of Profit and Loss Account	—	—	—
Equity share capital (paid up)	0.50	—	—
Earnings/(Loss) per share (diluted) (Rs.)	11.82	—	—
Book Value (Rs./share)	15.94	—	—

Balaji Telebrands is an unlisted company and it has not made any public or rights issue in the three years preceding the date on which this Red Herring Prospectus is filed. It has not become a sick company under the meaning of SICA and it is not under winding up.

Balaji Telebrands is also part of our Promoter Group.

Divestments

Our Company has closed down our unit located at Pannissery, Kerala with effect from August 1, 2007 as this unit has been making losses. The main activity at this unit was the manufacture of an oil-based soap which was marketed in Kerala only. Further to the closure of the unit we expect to terminate the services of 71 workmen.

Material Contracts

Acquisitions

Acquisition of Pithampur plant

We entered into an agreement with Tata Chemicals Limited ("**Tata**") on November 19, 2001 pursuant to which we purchased a detergent manufacturing facility located at Pithampur in Madhya Pradesh, along with its plant and machinery on an "*as is where is*" basis for a consideration of Rs. 40 million.

The land on which the plant stands had been leased to Tata by Madhya Pradesh Audyogik Kendra Vikas Nigam ("**MPAKVN**") for a period of 90 years under a lease deed dated May 30, 1991. Under our agreement with Tata, ourselves and Tata agreed to approach MPAKVN for the transfer of leasehold rights in the land on which the manufacturing facility is located to us. Tata applied to the MPAKVN vide a letter dated October 12, 2001 to transfer the leasehold interest in the plot to us and MPAKVN through letter AKVN:IND:INFRA: 2001:10082 dated December 6, 2001 granted the necessary permission and agreed to recognize us as lessee of the land. Pursuant to a deed dated March 28, 2002, the land is now held in our name.

Acquisition of Sri Sai Homecare

We entered into a share purchase agreement with Yodeva Plastics (Private) Limited ("**Yodeva**") on February 19, 2002, and a share purchase agreement with Mr. V. Rama Mohan Reddy and Mrs. Geeta Reddy dated February 19, 2002, pursuant to which we purchased the entire issued share capital of Sri Sai Homecare, which comprised 1,039,550 equity shares of Rs. 10 each. We also agreed to bring in additional funds as an unsecured loan to clear dues of the creditors amounting to Rs. 28,199,420. Under an indemnity agreement dated February 19, 2002, Yodeva has undertaken to indemnify us for any acts or omissions by Yodeva in respect of Sri Sai Homecare.

Purchase of Emerald Packaging

Pursuant to a resolution of our Board dated July 31, 2002 we purchased the plant and machinery of Emerald Packaging located in Pondicherry involved in the manufacture of corrugated cartons for a total consideration of Rs. 1.65 million and stocks of raw material and finished goods at cost and also assumed responsibility for all the permanent employees on the roll of Emerald Packaging. Emerald packaging was purchased from MP Siddharthan. For details, see section titled "Related Party Transactions" on page 97 of this Red Herring Prospectus".

Acquisition of More Light

We have entered into a deed of assignment for trademarks in respect of a fabric whitener with several persons who are partners of Modern Chemicals (India) (the "**Assignors**") and Mod Chem (India) Private Limited (the "**Confirming Party**") for the assignment and transfer of the trademark More Light (No.830479) registered in Class 03 in respect of washing soaps, detergent cakes and powder along with the goodwill of the business for a total consideration of Rs. 7.5 million. The deed also covers two trademarks in respect of which the application for registration are pending.

Additionally, by a separate deed of assignment of copyright dated May 31, 2007 the Assignor has assigned to us copyrights in various labels as well as allied right, title and interest in the copyrights in the brand More Light for a total consideration of Rs. 2 million.

The assignors have granted us a power of attorney to initiate proceedings in connection with transfer of the trade marks and copyrights in favour of our Company.

We have acquired trademarks and copyright for the More Light brand in respect of washing powder and personal care products. For details, see section titled "Government Approvals" on page 198 of this Red Herring Prospectus.

Acquisition of Ruby

We have entered into a deed of assignment of trade mark with Ivan Nigli, the Proprietor of Bangalore Detergents and Plastic Company (the "**Assignor**") for the assignment and transfer of the trademark Ruby (No. 449454) Class 3, Liquid Blue, registered on February 10, 1986 and goodwill of the business for a total consideration of Rs. 8 million. The Assignor has undertaken not to compete with the Assignee in India in the business of manufacture, marketing, selling and distribution of liquid blue for a period of ten years.

Additionally, by a separate deed of assignment of copyright dated April 19, 2007, the Assignor has assigned to us copyright in the brand Ruby for a total consideration of Rs. 1.5 million.

We have initiated proceedings to register our name as the subsequent proprietor of the trade mark.

Associated Industries Consumer Products Private Limited

We entered into a share purchase agreement with Mr. Ashok Anand Singhal, Mrs. Shilpi Anand Singhal and AICPL on September 12, 2007. We have also advanced an amount of Rs. 52 million to AICPL to retire all existing financial indebtedness of AICPL, to meet expenses for business operations and immediate capital expenditure requirements.

Joint Ventures

Coffee joint venture with CCL Products (India) Limited

Joint venture agreement

We have entered into a joint venture agreement with CCL Products (India) Limited ("**CCL Products**") on January 23, 2007 under which we have agreed to work together for the manufacture and sale of coffee products in India, Pakistan, Bangladesh, Nepal and Sri Lanka and to develop brands that will be owned by a new joint venture company to be incorporated for this purpose. We agreed that the name of the joint venture company would be Continental Speciale (India) Private Limited ("**CSPL**"). CSPL was incorporated on May 10, 2007, for further details see the section titled "History and Corporate Structure—Our Joint Ventures" on page 67 of this Red Herring Prospectus.

We agreed to subscribe to the equity share capital of CSPL in 50:50 proportions and that the shareholding pattern shall be equal between the parties at all times. CCL Products have agreed to produce instant coffee depending upon market requirements, which shall be given to them by us and/or CSPL two months in advance every month. CCL Products has agreed that neither it nor its affiliates, will sell the coffee/coffee products in the market through anyone other than ourselves and/or CSPL. Similarly, we have agreed that neither we nor CSPL will deal with coffee products, other than those of CCL Products, for sale and distribution in the market.

Neither party is entitled to assign, sub-let or otherwise transfer the coffee joint venture agreement to any third party, unless that third party is an affiliate, in which case assign or transfer the agreement is allowed without the prior written consent of the other party. The agreement will remain valid and effective unless it is terminated. If the shareholding level of either party drops below 10% of CSPL's total paid-up equity capital, the agreement will automatically terminate.

Manufacturing, marketing and distribution agreement

We entered into a manufacturing, marketing and distribution agreement with CCL Products and CSPL on May 11, 2007, under which we agreed to purchase instant coffee from CCL Products for the purpose of marketing and distribution in India, Pakistan, Bangladesh, Nepal and Sri Lanka under the brand name "Continental Speciale" and other brands owned by CSPL.

CCL Products have agreed to produce instant coffee depending upon market requirements, which shall be given to them by us and/or CSPL two months in advance every month. We have agreed to prepare our monthly projected rolling forecast of sales and deliver it to CCL Products two months in advance. CCL Products has agreed to replace products that are damaged due to manufacture or transportation to us and unsold and expired stock, net of taxes. The agreement sets out the terms of distribution.

CCL Products has agreed that neither it nor its affiliates, will sell the coffee/coffee products in the market through anyone other than ourselves and/or CSPL. Similarly, we have agreed that neither we nor CSPL will deal with coffee products, other than those of CCL Products, for sale and distribution in the market.

Neither party is entitled to assign, sub-let or otherwise transfer the coffee joint venture agreement to any third party, unless that third party is an affiliate, in which case assign or transfer the agreement is allowed without the prior written consent of the other party. The agreement will remain valid and effective unless it is terminated.

Dhoop joint venture with Balaji Telebrands Limited

Joint venture agreement

We have entered into an agreement (the "**JV Agreement**") with Ms. Shobha Kapoor and Ms. Ekta Kapoor ("**Kapoors**") dated February 1, 2007 wherein we have agreed to form a joint venture company, Balaji Telebrands to carry on the business of marketing, manufacturing, selling etc. brands of all kinds and other products like agarbatties, camphor, spiritual idols, photos etc. Balaji Telebrands will engage specifically in the distribution of *Ekta's karyasiddhi graha shanti dhoop* and any other product that may be mutually agreed to by the parties and these shall be manufactured either by Balaji Telebrands or third party contractors as may be mutually agreed by the parties. The products to be developed and promoted using Ms. Ekta Kapoor's name shall be under the brand name having the prefix "Ekta's".

The Board of Directors shall initially comprise of two directors appointed by our Company and two by the Kapoors. The Maximum Retail Price ("**MRP**") of the product shall be determined or altered with the mutual consent of the parties. Our Company shall be the sole distributor of Balaji Telebrands' products and the marketing arrangement shall be governed by a separate agreement. Ms. Ekta Kapoor shall be paid a royalty of 5% of the MRP value of the products of Balaji Telebrands for brand promotion and development. Balaji Telebrands shall not use the trade name and logo of the parties, without the specific written consent of any party in this respect. The shareholding of the parties shall always remain equal unless otherwise specifically agreed upon by the parties.

The JV Agreement provides that for a period of three years from the date of incorporation of Balaji Telebrands, neither party shall sell, transfer or otherwise dispose off their respective shares or any interest therein to anybody without the prior written consent of the other party. After the expiry of this period, shares can be sold at a price which will be equal to or lower than the Fair Market Value to be calculated in the manner provided in the JV agreement. In the event that the Kapoors exit from the joint venture, our Company may continue to use the same distinct packaging as available now subject to payment of royalty to Ms. Ekta Kapoor for use of her photograph (2% of MRP), use of her name (2% of MRP) and use of current style of packaging (1% of MRP).

The JV Agreement shall continue to be in force until terminated as per the provisions of the agreement or till one party purchases all of the other party's shares in Balaji Telebrands. Each party shall indemnify the other for any losses due to misrepresentation, breach of the agreement or any other conduct which occasions such loss. During the term of the agreement the parties shall neither carry on nor be involved in any activity or business being in material competition with Balaji Telebrands. In case shares are sold to a third party, the selling shareholder shall for a period of two years from the date of sale of its shares neither carry on nor be involved in any activity or business being in material competition with Balaji Telebrands.

Marketing and Distribution Agreement

We entered into Marketing and Distribution Agreement (the "**Marketing Agreement**") with Balaji Telebrands on March 1, 2007. The Marketing Agreement provides that our Company shall distribute the products mentioned in the Marketing Agreement and shall discharge all market-related responsibilities. We shall also prepare the monthly projected rolling forecast of sales and shall deliver the same two months in advance. Balaji Telebrands shall be responsible for ensuring sufficient supplies of stock as per the indent given by our Company. Developing the brands for the products shall be the joint responsibility of both the parties.

The Marketing Agreement provides that Balaji Telebrands shall not sell or distribute products mentioned in the Marketing Agreement through any person or channel other than our Company and our Company shall not deal with these products other than those supplied by Balaji Telebrands.

The Marketing Agreement shall remain in force unless terminated. In case of termination of the Marketing Agreement, our Company shall discontinue the marketing of the products and use of the specifications, trademarks and other proprietary rights of Balaji Telebrands.

The Marketing Agreement provides that each party shall indemnify the other against all losses arising out of inaccuracy in or breach of the representations, warranties etc. or any other conduct or action of such party. Our Company shall not without the prior written consent of Balaji Telebrands adopt or use any name, commercial designation including trademark etc. implying the identity of Balaji Telebrands or deal in products whose trade dress and trademarks are deceptively similar to that of Balaji Telebrands. A similar obligation is also placed on Balaji Telebrands. Neither party shall be entitled to assign, sub-let or otherwise transfer this Agreement without prior consent of the other party.

Shareholders' Agreements

(i) Investment by Baring India InvestmentLimited

On November 17, 1999 our Promoter entered into an agreement with Baring India Investment Limited ("Baring India") pursuant to which Baring India subscribed to 500,000 equity shares in our Company.

(ii) Investment by CDC Financial Services (Mauritius) Limited, SARF and Canzone

On August 22, 2002, we entered into an investment agreement with CDC Financial Services (Mauritius) Limited, SARF, Canzone, our Promoter and certain other of our shareholders, pursuant to which CDC Financial Services (Mauritius) Limited, SARF and Canzone subscribed to 9,650,000 convertible debentures in our Company. CDC Financial Services (Mauritius) Limited, SARF and Canzone also purchased 558,250 equity shares held by Baring India. On November 22, 2003, these convertible debentures were converted into 1,656,880 equity shares with a face value of Rs. 10 each. For further information see the section titled "Capital Structure—Notes to Capital Structure" on page 16 of this Red Herring Prospectus.

(iii) Investment by ICICI Bank Canada and ICICI Bank UK

On June 13, 2006, we entered into an investment agreement with ICICI Bank Canada, ICICI Bank UK, our Promoter and certain of our other shareholders, pursuant to which ICICI Bank Canada and ICICI Bank UK purchased 1,433,000 equity shares with a face value of Rs. 10 each.

Common Agreement

On June 13, 2006, we entered into an agreement with CDC Investment Holdings Limited, SARF, Canzone, ICICI Bank Canada and ICICI Bank UK (the "Common Agreement") for the purpose of giving full and harmonious effect to the provisions of the two investment agreements described at items (ii) and (iii) above. This agreement set out the rights of the various shareholders, including their right to information and their right to nominate Directors for our Board.

The rights set out in the investment agreements fall away upon listing of our Equity Shares. However, certain of the representations, warranties and indemnities given under the two investment agreements shall survive the Offer and the listing of our Equity Shares.

Supplemental Agreement

Our Company entered into an agreement with ICICI Bank Canada, ICICI Bank U.K. Limited, CDC Investment Holdings Limited, South Asia Regional Fund, Canzone Limited, M.P. Ramachandran and certain other existing shareholders on June 6, 2007. The agreement shall become binding on all parties if the initial public offering of the equity shares of our Company is not completed on or before December 31, 2007 or any other mutually agreed date. The agreement shall prevail over the two investment agreements in case of inconsistency and the amendments made to the Articles of Association prior to the initial public offering and for the purposes of the initial public offering shall continue to remain in force. If the initial public offering is not completed before December 31, 2007 or the shares of our Company do not commence trading on the relevant stock exchange, the Agreement shall stand terminated. In case of termination, the Articles of Association shall be re-amended in order to restore the same to their form as on December 6, 2006 by February 28, 2008.

Assignment of Intellectual Property

Our Promoter had licensed some trademarks and copyrights to us in two license agreements, which were dated December 23, 1994 and November 1, 1999. Pursuant to the investment agreement with CDC Financial Services (Mauritius) Limited, SARF and Canzone, our Promoter was required to transfer the whole of his right, title and interest in the intellectual propery rights registered in, or pending registration in, his name or the name of Jyothy Laboratories, his sole proprietorship firm, and used by us into our name, such that we become the sole and absolute owner of all of the intellectual property rights free from encumbrances.

We entered into an agreement with our Promoter on September 13, 2002, under which the intellectual property was transferred, together with the associated goodwill, for a consideration of Rs. 10 million (Rs. 7 million for the trademarks and Rs. 3 million for the copyrights). We also entered into two separate agreements for the assignment of trademarks and copyrights pursuant to September 13, 2002 agreement. The assignment was expressed to be absolute and for the unexpired residual term of the copyrights and in perpetuity. Under the agreements, we have the sole and exclusive discretion to use or not use the artistic works in whole or part during the term of the copyrights.

While the key items of intellectual property are now registered in our name, some of the intellectual property used by us is still registered in our Promoter’s name and the formalities of registration in our name have not yet been completed. For further details, see the section titled “Government Approvals—Trademark Licenses” on page 207 of this Red Herring Prospectus.

Manufacturing Agreements

We have entered into agreements with third party manufacturers for the manufacture of Maxo mosquito coils. Typically, the agreements provide that the manufacturer will manufacture and sell and we will purchase the product, on a principal to principal basis, in such quantities and at such prices as shall be determined. The product is manufactured with the approved raw material composition and specification and approved packing material sourced from our approved suppliers at approved rates. Generally, the manufacturer is responsible for manufacturing the products in accordance with the standards and specifications.

The agreements provide that the manufacturer shall not have any right over any trademark, trade name etc. used by us or to which we are entitled and that all such intellectual property remains with us. Further, the manufacturers have undertaken to only use the information and data disclosed by us to manufacture the product and not to disclose it to any third party without our prior written consent.

The agreements are on a non-exclusive basis and we are entitled to manufacture and buy the product or any similar goods from other parties, and to sell the product to any person in any territory in any manner and at any price. The agreements are typically for a period of three to five years and may be renewed for further periods by mutual consent.

We have entered into similar agreement with respect to our products range linked to the Exo brand.

Distribution Agreements

Appointing distributors for our products

We have entered into agreements to appoint super-distributors to distribute products to stockists and distributors appointed by or in consultation with us.

The distribution agreements provide that the super-distributor shall, at its own expense, employ/engage and maintain the necessary and adequate number of employees and personnel and, at its own expense, maintain the necessary and adequate office premises with good infrastructure. We may at our sole discretion, in order to maximize business and sales turnover, undertake various trade promotions, sale promotions and consumer promotions.

These distribution agreements generally provide that the decision to recall any products is at our sole discretion. If we decide to recall a product we are required to inform the super-distributor in writing. The super-distributor bears reasonable costs incurred in complying or procuring compliance with requirements of the product recall and for any claims that arise as a result of the recall only in cases where the recall is caused by the failure of the super-distributor to handle, store or distribute the products in the required manner.

These distribution agreements are typically valid for one year and provide for automatic renewal for one year, unless the other party gives us 90 days' written notice of its intention to not renew its agreement.

Tea distribution venture with Godrej Tea Limited

On November 8, 2005, we entered into an agreement with Godrej Tea Limited ("**GTL**") under which we agreed to sell, distribute, market and promote tea, manufactured by GTL, in India under the brand name "Godrej Tea". GTL has also given us a first right of refusal to act as its distributor for the sale and distribution of that product to institutions and outside of India. We are also GTL's first preference to act as its distributor for the sale and distribution of third party products that they may sell or distribute at a later date, both inside and outside of India.

During the term of the agreement, GTL has undertaken to ensure that the use of "Godrej Tea" does not infringe the right of any third party and agreed not to engage in the business of sale and distribution of the products in India, without our prior written consent, except for sale and distribution to government and canteen department stores. GTL has undertaken not to, *inter alia*, use any name, trading name, title of an establishment including the trademark, use any other name owned by GTL or any mark that is confusingly or deceptively similar, imply the identity of GTL, manufacture, distribute, sell or deal in products with similar packaging or use or apply any trademark or other designation that is an imitation, copy, infringement of, or confusingly or deceptively similar to any of GTL's trademarks without our prior written consent.

GTL has agreed to indemnify us against all costs, losses, damages and demands arising out of any breach our intellectual property rights, the use of the trademark and brand name "Godrej Tea" and any third party product liability claim relating to the product. We have agreed to indemnify GTL against all costs, losses, damages and demands arising out of any breach of GTL's intellectual property rights and any third party product liability claim in relation to the product.

This agreement is valid for a period of 10 years, effective from November 8, 2005, and may then be renewed by the parties for further terms of 10 years upon such terms and conditions as the parties agree.

Consultancy Agreements

Consultancy agreement with Image Consultants

On October 19, 2006, we entered into two consultancy agreements with Image Consultants. Under one agreement, Image Consultants has agreed to assist us, in coordination with our operations department, in relation to household insecticide products. Under the other agreement, Image Consultants has agreed to assist us, in coordination with our operations department, in relation to incense sticks. All intellectual property rights in the formulations and services provided by Image Consultants under the agreements, developed or conceived during the rendering of the services are to be immediately assigned to and vested in us upon creation of such rights.

Consultancy agreement with R. G. Consultancy

On January 9, 2007, we entered into an agreement with R. G. Consultancy. Under the agreement, R. G. Consultancy has agreed to provide business consultancy services to us and to coordinate the entire work and assist our operations department in relation to Exo household surface cleaning products.

R. G. Consultancy has undertaken to identify suitable vendors for supply of raw materials and packing materials, visit all the offices/godowns/premises of the vendors and review the quality and supply parameters of those materials. R. G. Consultancy has agreed to negotiate and finalise the rates of those materials with the vendors and ensure their timely supply.

Any intellectual property rights in the formulations and services provided by R. G. Consultancy are assigned to and vested in us upon creation of such rights. R. G. Consultancy has also agreed not to divulge any confidential information that is made available to them and to treat all stationery, resource material etc. provided by us as confidential information.

R. G. Consultancy has undertaken not to provide service to any third party or deal in products in competition with our interests with respect to Exo household surface cleaning products. Neither party is allowed to assign any of its rights or obligations under the agreement without the prior consent of the other party. The agreement commenced on July 1, 2006 and shall be operative up to June 30, 2011 after which it may be renewed for further periods by mutual consent.

Advertising Agreements

Agreement with Mudra Communication Private Limited

On July 1, 2006, we entered into an advertising agreement on a principal to principal basis with Mudra Communication Private Limited ("**Mudra**") pursuant to which Mudra has agreed to provide us with advertising services and we have agreed to pay the higher of 1% of the release value or Rs. 2,400,000 in a year.

Mudra is under an obligation to keep confidential all information relating to the agreement, our products and our marketing strategy. Mudra is prohibited from providing similar services to anyone manufacturing products and that is a competitor of our Company during the term of the agreement without our prior consent. Mudra shall not be liable for the factual contents of the advertising material we approve that violates any law or other restrictions. Both parties have waived any consequential, punitive, special, indirect or incidental damages in any way arising from the services.

The agreement shall be operative unless terminated by either party giving 45 days' written notice. Either party can terminate in the event of a breach or bankruptcy, insolvency or winding up.

Agreement with Interact Vision Advertising and Marketing Private Limited

On July 1, 2006, we entered into an advertising agreement with Interact Vision Advertising and Marketing Private Limited ("**Interact Vision**") under which we have appointed Interact Vision to conceive, visualize, design, create and prepare creative work possessing artistic quality for the purpose of advertising and promoting Jeeva and personal care range of products, Exo surface cleaning products and some of our other brands.

In consideration for their services, we have agreed to a sum equivalent to 8% of the net cost on the bills raised by the Interact Vision with respect to the cost they incurred in providing the services and a commission of 8% of the net cost of media releases for all releases we make.

Both parties shall continue to own all trademarks, business names, logos and other intellectual property rights used or associated with them.

The agreement will continue to be operative unless terminated by either party giving 45 days' written notice. Either party can terminate in the event of a breach or bankruptcy, insolvency or winding up.

OUR MANAGEMENT

Our Board of Directors

We currently have six Directors. The following table sets out our Directors details as of the date of filing this Red Herring Prospectus with SEBI.

Details	Age	Other directorships
Mr. M. P. Ramachandran S/o Late Mr. M. K. Panjan Address: Nikunj, Shri Krishna Nagar, Borivali (East), Mumbai 400 066. Designation: Chairman and Managing Director Occupation: Industrialist DIN No.: 00553406	60	• Sivasakthi Ayurvedic Research Centre Limited
Mr. K. Ullas Kamath S/o Mr. K. V. D. Kamath Address: Flat No. 202, Renaissance Mangalam, No. 40 13th Cross, Malleshwaram, Bangalore 560 003. Designation: Deputy Managing Director Occupation: Service DIN No.: 00506681	44	• Sri Sai Homecare Products Private Limited • Balaji Telebrands Limited • Associated Industries Consumer Products Private Limited
Ms. M. R. Jyothy D/o Mr. M. P. Ramachandran Address: 401 Nikunj, Shri Krishna Nagar, Borivali (East), Mumbai 400 066. Designation: Executive Director Occupation: Service DIN No.: 00571828	29	• Sahyadri Agencies Limited • Continental Special (India) Private Limited
Mr. Nilesh B. Mehta S/o Mr. Bansilal Mehta Address: 1/2 Saraswat Colony, Off Link Road, Opp. Arya Samaj, Santacruz (West), Mumbai 400 080. Designation: Non-executive, independent Director Occupation: Business DIN No.: 00199071	44	• Shaily Eng. Plastics Limited • Panchmahal Steel Limited • Aavishkar India Micro Ventura Fund • Venture India Advisors Private Limited • Infinity India Advisors Private Limited • Aureos India Advisors Private Limited • Aureos India Trustees Private Limited • Accutest Research Laboratories (India) Private Limited • E India Venture Holding Company Limited • Vikalpa Financial and Management Services Private Limited • E India Venture Fund Limited • E India Venture Fund Management Limited
Mr. K. P. Padmakumar S/o Mr. Palakal Velayudha Menon Address: 5B J M Paradise Palarivattom, Cochin 682 025 Designation: Non-executive, independent Director Occupation: Retired banker DIN No.: 00023176	63	• Equity India Intelligence Private Limited • Muthoot Leasing and Finance Limited
Mr. Bipin R Shah S/o Mr. Ratilal Purshottam Shah Address: 8-D, IL- Palazzo,	75	• Indus Capital MarketServices Company Private Limited • Global Pharamatech Private Limited

Details	Age	Other directorships
Little Gibbs Road, Malabar Hill, Mumbai -400 006 Designation: Non-executive, independent Director Occupation: Chartered Accountant DIN No: 00006094		• ITTI Private Limited • Marico Industries Limited • Dolphin Offshore Enterprises (India) Limited • Kotak Asset Management Company Private Limited • Procyon Offshore Services Limited

Brief Biographies

Mr. M. P. Ramachandran, 60, is our Chairman and the Managing Director. He holds a postgraduate degree in Financial Management from University of Mumbai and began his career as an accountant in 1971 in Mumbai. He set up the Jyothy Laboratories business in 1983. He has over 36 years of experience in sales, production and general management. In 2003 and 2004, he was nominated by The Economics Times for "Entrepreneur of the Year Award".

Mr. K. Ullas Kamath, 44, is our Deputy Managing Director. He is a qualified Chartered Accountant and Company Secretary and holds a bachelor's degree in Law and master's degree in Commerce. He has also participated in the Advanced Management Programme at Wharton Business School. His responsibilities include business development, new projects, sales, financial management and supervision of day-to-day operations. He has been associated with us since incorporation and has been on our Board since 1997. Prior to joining us he was practicing as a chartered accountant.

Ms. M. R. Jyothy, 29, is an executive Director of our Company. She holds a bachelor's degree in Commerce from the University of Mumbai and an MBA from Wellingker's Management Institute, Mumbai and has undertaken a course in Family Managed Business Administration from S. P. Jain Institute of Management, Mumbai. She has been on our Board since October 2005 and handles sales administration, marketing and brand communication.

Mr. Nilesh B. Mehta, 45, is a non-executive, independent Director. He is a qualified Chartered Accountant and holds a postgraduate diploma in Management from the Indian Institute of Management, Ahmedabad. He is a Managing Partner of Aureos Capital and a General Partner of eIndia Venture Fund/Infinity II. He has over 20 years of experience in investment banking, private equity and fund-related activities, during which he occupied the position of managing director of Meghraj Financial Services (India) Private Limited and executive director of Anagram Finance Limited. He has been on our Board since 2003.

Mr. K. P. Padmakumar, 63, is a non-executive, independent Director. He holds a bachelor's degree in agricultural science and is a certified accountant from the Indian Institute of Bankers. He has over 36 years of experience in the commercial banking sector. He started his career with the State Bank of India and has served as the chairman and chief executive officer of The Federal Bank. He is currently associated with the Muthoot group.

Mr. Bipin R. Shah, 75, is a non-executive, independent Director. He holds a bachelor's degree from the University of Mumbai and is a qualified Chartered Accountant. He was previously a director with Hindustan Lever Limited and Lipton India Limited.

Terms of Appointment

Mr. M. P. Ramachandran

Under the terms of an agreement dated June 7, 2004, Mr. M. P. Ramachandran has been reappointed as our Chairman and the Managing Director with effect from April 1, 2004 for a term of five years, which expires on March 31, 2009. The remuneration payable to him with effect from April 1, 2004 has been approved by a special resolution of the shareholders passed at an EGM held on May 20, 2004.

Details of his remuneration are provided below:

Salary	At the rate of Rs. 900,000 per month from April 1, 2004 for a period of five years.
Commission	The amount of commission shall not exceed 1.5% of the net profits of the Company and the commission, salary and perquisites are subject to the overall ceiling laid down in sections 198 and 309 of the Companies Act and computed in accordance with the Companies Act with effect from April 1, 2004.

Perquisites

- Rent free furnished accommodation with free use of all the facilities and amenities, such as air-conditioners, stove, geysers, gas, electricity, water etc.
- Reimbursement of all medical expenses incurred for self and family, including hospitalization, membership of any hospital and/or doctor's scheme.
- Leave travel allowance for self and members of family every year up to a maximum of one month's salary.
- Use of Company car with driver and telephones at the residence. Use of car with driver and telephones for office purposes shall not be considered as perquisites.
- Club membership.
- Contribution to provident fund, superannuation fund and annuity fund, gratuity and encashment of leave at the end of his tenure.
- Any other perquisites as may become applicable in the future.

The value of the perquisites (to be evaluated as per Income Tax Act, wherever applicable, and at cost in the absence of any such rule) shall be subject to an overall annual ceiling of an amount equal to 50% of his salary for the relevant period.

Mr. K. Ullas Kamath

Under the terms of an agreement dated April 7, 2005, Mr. K. Ullas Kamath has been reappointed as a Whole Time Director with effect from April 1, 2005 for a term of five years, which expires on March 31, 2010. The remuneration payable to him with effect from April 1, 2005 has been approved by a special resolution of the shareholders passed at an EGM held on March 22, 2005.

Details of his remuneration are provided below:

Salary At the rate of Rs. 834,000 per month from April 1, 2005 for a period of five years.

Commission The amount of commission shall not exceed 1.00% of the net profits of the Company and the commission, salary and perquisites will be subject to the overall ceiling laid down in section 198 and 309 of the Companies Act and computed in accordance with the Companies Act with effect from April 1, 2005.

Perquisites

- Rent free furnished accommodation with free use of all the facilities and amenities, such as air-conditioners, stove, geysers, gas, electricity, water etc.
- Reimbursement of all medical expenses incurred for self and family, including hospitalization, membership of any hospital and/or doctor's scheme.
- Leave travel allowance for self and members of family every year, up to a maximum of one month's salary.
- Use of Company car with driver and telephones at the residence. Use of car with driver and telephones for office purposes shall not be considered as perquisites.
- Club membership.
- Contribution to provident fund, superannuation fund and annuity fund, gratuity and encashment of leave at the end of his tenure.
- Any other perquisites as may become applicable in the future

Ms. M. R. Jyothy

Under the terms of an agreement dated February 22, 2007, Ms. M. R. Jyothy has been reappointed as a Whole Time Director with effect from December 1, 2006 for a term of five years, which expires on November 30, 2011. The remuneration payable to her with effect from December 1, 2006 has been approved by a special resolution of the shareholders passed at an AGM held on December 6, 2006.

Details of her remuneration are provided below:

Salary	At the rate of Rs. 100,000 per month from December 1, 2006, with an increase of Rs. 20,000 per month on April 1 every year with the first such increase to take place on April 1, 2007.
Perquisites	• Rent free furnished accommodation with free use of all the facilities and amenities, such as air-conditioners, stove, geysers, gas, electricity, water etc. • Reimbursement of all medical expenses incurred for self and family, including hospitalization, membership of any hospital and/or doctor's scheme. • Leave travel allowance for self and members of family every year, up to a maximum of one month's salary. • Use of Company car with driver and telephones at the residence. Use of car with driver and telephones for office purposes shall not be considered as perquisites. • Club membership. • Contribution to provident fund, superannuation fund and annuity fund, gratuity and encashment of leave at the end of her tenure. • Any other perquisites as may become applicable in the future
Other benefits	Entitled to the benefits of our Company's personal accident insurance scheme.

Other Directors

In relation to other Directors of our Company, apart from sitting fees and reimbursement of expenses, no remuneration is payable by the Company.

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company, details of which are disclosed above in the section titled "Our Management—Board of Directors—Terms of Appointment" on page 77 of this Red Herring Prospectus.

Our Directors may also be regarded as interested in our Company to the extent of the Equity Shares, if any, held by them or by the companies/firms/ventures promoted by them or that may be allotted or transferred to the companies, firms, trusts, in which they are interested as Directors, members, partners, trustees or promoters. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. For details of the Equity Shares held by our Directors, see the section titled "Our Management—Board of Directors—Shareholding of the Directors" on page 80 of this Red Herring Prospectus.

The interests of our Chairman and Managing Director are set out in the section titled "Our Promoter and Promoter Group" on page 86 of this Red Herring Prospectus.

Except as disclosed elsewhere in this Red Herring Prospectus and, in particular, in the section titled "Related Party Transactions" beginning on page 97 of this Red Herring Prospectus, our Directors do not have any other interest in our business.

None of our Directors have taken any loans from us and, save as disclosed elsewhere in this Red Herring Prospectus, we have not entered into any contract, agreement or arrangement in which our Directors are interested, directly or indirectly, or under which our Directors receive payment, in the two years prior to the filing of this Red Herring Prospectus.

Corporate Governance

We have complied with the requirements of the applicable regulations, including the Listing Agreement with the Stock Exchanges and the SEBI Guidelines, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

We have a Board constituted in compliance with the Companies Act and the Listing Agreement with Stock Exchanges, and in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our senior management provides the Board with detailed periodic reports on its performance.

The Board has six Directors.

Committees of the Board

Audit Committee

Our Audit Committee was constituted on June 6, 2007. The scope and function of the Audit Committee is in accordance with section 292A of the Companies Act and clause 49 of the Listing Agreement with the Stock Exchanges. The Audit Committee's terms of reference include the following:

- Overseeing the Company's financial reporting process and the disclosure of financial information;
- Recommending the appointment and removal of external auditors and fixation of audit fees;
- Review with management the annual financial statement before submission to the Board; and
- Review with management, external and internal auditors, the adequacy of internal controls.

The present members of our Audit Committee are Mr. Nilesh B. Mehta (Chairman), Mr. K. P Padmakumar and Mr. K. Ullas Kamath.

Shareholders'/Investors' Grievances Committee

Our Shareholders'/Investors' Grievances Committee was constituted on June 6, 2007. This committee will address all grievances of shareholders/investors in compliance of the provisions of clause 49 of the Listing Agreement with the Stock Exchanges.

The present members of the Shareholders/Investors' Grievances Committee are Mr. Nilesh B. Mehta (Chairman), Mr. Bipin R. Shah and Mr. M. P. Ramachandran.

IPO Committee

The IPO Committee was constituted on March 15, 2007. The scope of this committee *inter alia* is:

- To decide on the timing, pricing and all the terms and conditions of the issue of shares and to accept any amendments, modifications, variations or alterations thereto;
- To appoint and enter into arrangements with book running lead managers, underwriters, syndicate members, brokers, escrow collection banks, registrars, legal advisors and any other agencies;
- To finalize and settle and to execute and deliver or to arrange the delivery of the red herring prospectus, the red herring prospectus, the prospectus, the syndicate agreement, the underwriting agreement, the escrow agreement and all other documents; and
- To make applications for listing of the Equity Shares on one or more stock exchanges and to execute and to deliver or arrange the delivery of all the necessary documents to the concerned stock exchanges.

The present members of the IPO Committeee are Mr. M. P. Ramachandran, Mr. K. Ullas Kamath and Mr. Nilesh B. Mehta (Chairman).

Shareholding of the Directors

Under our Articles of Association, our Directors are not required to hold any qualification shares. The list of Directors holding Equity Shares as of the date of filing this Red Herring Prospectus is set out below:

Name of Director	No. of Equity Shares
Mr. M. P. Ramachandran	6,856,822
Ms. M. R. Jyothy	453,560
Mr. K. Ullas Kamath	145,138

Borrowing Powers

Under our Articles, the Board may, from time to time, at its discretion by a resolution passed at its meeting, raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company.

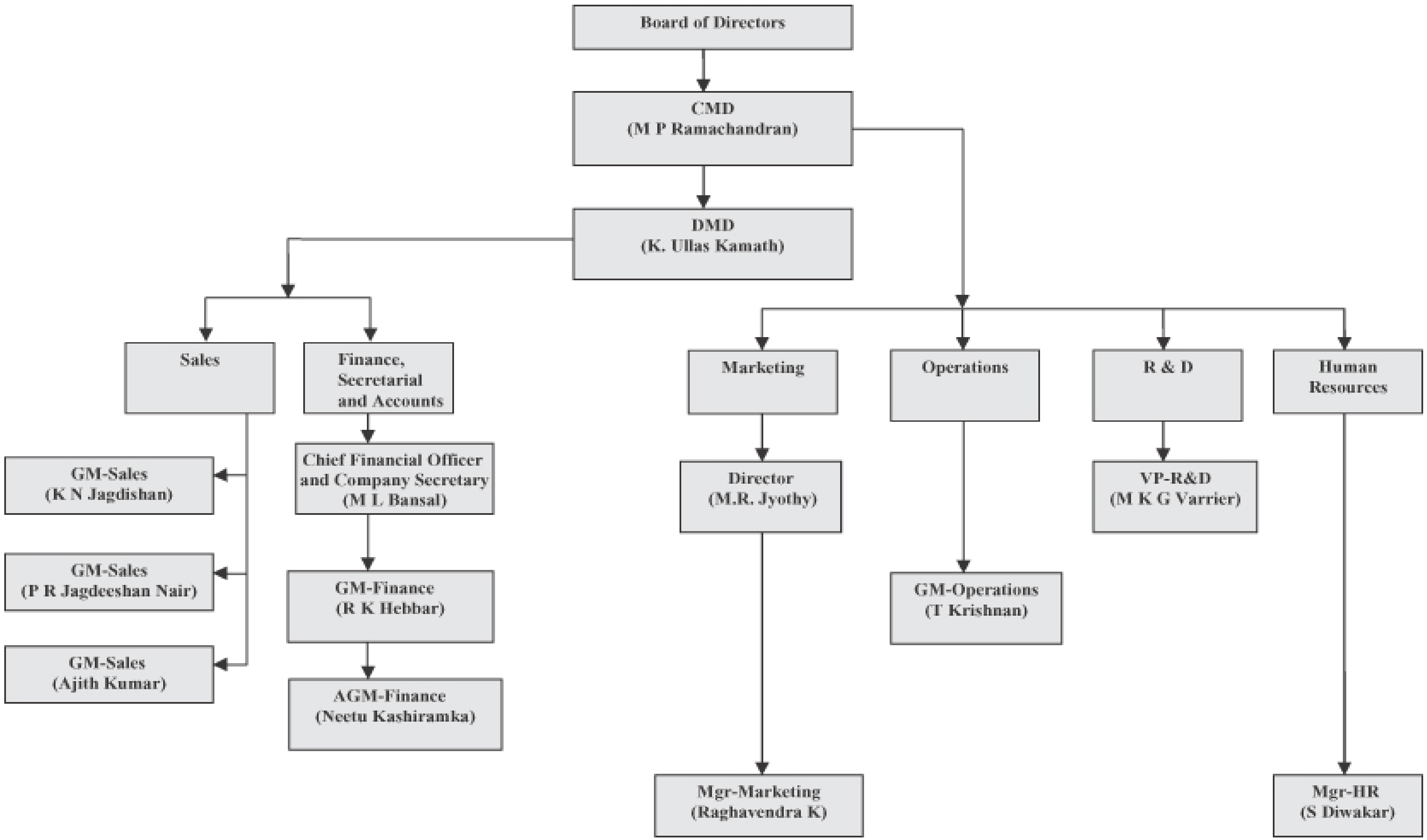
By a special resolution passed by our shareholders at the AGM held on September 7, 2002, our Board has been authorized to borrow money from time to time up to a limit not exceeding Rs. 1,500 million, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of our Company and its free reserves.

Changes in our Board in the last three years

The following changes have occurred in our Board in the last three years:

Name of Director	Date	Reason
Ms. M. G. Santhakumari	October 24, 2005	Resignation
Ms. M. R. Jyothy	October 24, 2005	Appointment
Mr. Sriram Hariharan	November 8, 2006	Appointment
Mr. G. Srinivas	November 8, 2006	Appointment
Mr. M. P. Divakaran	June 7, 2007	Resignation
Ms. Josephine Price	June 8, 2007	Resignation
Mr. Sriram Hariharan	June 8, 2007	Resignation
Mr. G. Srinivas	June 8, 2007	Resignation
Mr. K. P. Padmakumar	June 6,2007	Appointment
Mr. Bipin R. Shah	June 6, 2007	Appointment
Mr. J.M. Trivedi	June 7, 2007	Resignation

Organisation Structure Chart



Key Management Personnel

For profiles of our executive Directors that are part of our Key Management Personnel, see the section titled "Our Management—Board of Directors—Brief Biographies" on page 83 of this Red Herring Prospectus. All of the Key Management Personnel below are permanent employees of the Company. None of these Key Management Personnel are related to each other or to any of the Directors.

Brief Biographies

Mr. M. L. Bansal, 59, Chief Financial Officer and Company Secretary, holds a bachelor's degree in Commerce from Agra University. He is a qualified Chartered Accountant and Company Secretary. He has over 37 years of experience in the field of finance, accounts and secretarial and was associated with Asian Paints Limited prior to joining our Company in May 2002. His current responsibilities include supervision of accounts, finance, treasury and secretarial. His compensation for the last financial year was Rs. 3,450,000.

Mr. M. K. G. Varier, 57, VP—Research and Development, holds a master's degree in Chemistry from Pune University, a postgraduate diploma in Chemical Engineering from BIET, Mumbai, PGDBM from GIM, Mumbai, and a postgraduate diploma in Industrial Engineering from Institute of Industrial Engineering, Kolkatta. He has over 32 years of experience in the field of technical, operations and research and development and was associated with the Maharishi Institute of Ayurveda prior to joining our Company in April 2001. His current responsibilities include research and development of new products. His compensation for the last financial year was Rs. 1,503,768.

Mr. K. N. Jagdeeshan, 50, GM—Sales, holds a master's degree in Arts from Calicut University. He has over 33 years of experience in the field of sales and marketing and joined our Company in November 1988. His current responsibilities include sales and marketing for the Kerala region. His compensation for the last financial year was Rs 1,532,000.

Mr. P. R. Jagdeeshan, 50, GM—Sales, holds a master's degree in Commerce from Kerala and an MBA from Hyderabad. He has over 23 years of experience in the field of marketing and was associated with Godrej Ltd prior to joining our Company in November 1986. His current responsibilities include sales and marketing for the eastern region. His compensation for the last financial year was Rs. 1,532,000.

Mr. Ajith Kumar, 45, GM—Sales, holds a master's degree in Economics. He has over 18 years of experience in the field of marketing and joined our Company in January 1988. His current responsibilities include sales and marketing for the regions of Delhi and Tamil Nadu. His compensation for the last financial year was Rs. 1,502,000.

Mr. T. Krishnan, 52 years, GM—Operations, holds a bachelor's degree in Commerce from Osmania University and is a Certified Accountant from the Indian Institute of Bankers. He has over 32 years of experience and was associated with the Bank of India and Development Credit Bank prior to joining our Company in July 2002. His current responsibilities include production, procurement and logistics. His compensation for the last financial year was Rs. 1,424,100.

Mr. T. V. Sunith Babu, 38 years, Head—Engineering Research and Development, has been with our Company since July 2002. His current responsibilities include designing and development of machinery, new project implementation and expansion. His compensation for the last financial year was Rs. 2,644,000.

Mr. R. K. Hebbar, 38, GM—Business Development, holds a bachelor's degree in Commerce from Bangalore University. He is a qualified Chartered Accountant and a Certified Public Accountant (USA). He has over 16 years of experience in the field of finance and accounts and was associated with Praxair prior to joining our Company in September 2005.His current responsibilities include new business development, finance and internal audit. His compensation for the last financial year was Rs. 1,733,500.

Ms. Neetu Kashiramka, 33 years, AGM—Finance, holds a bachelor's degree in Commerce from the University of Mumbai and is a qualified Chartered Accountant. She has over 10 years of experience in the field of finance and accounts and was associated with Kewal Kiran Clothing Limited prior to joining our Company in November 2000. Her current responsibilities include supervision of accounts, finance and statutory audit. Her compensation for the last financial year was Rs. 1,119,983.

Mr. S. Diwakar, 55, Manager- Human Relations Development, holds a bachelor's degree in Commerce from Madras University and is a Certified Accountant from the Indian Institute of Bankers. He has over 35 years of experience and was associated with Bank of India and Development Credit Bank prior to joining our Company in April 2003. His current responsibilities include handling our human relations department. His compensation for the last financial year was Rs. 796,150.

Mr. Raghvendra K., 37 years, Manager—Marketing Services, holds a master's degree in Business Administration from Kuvempu University and holds a postgraduate diploma in Advertising and Public Relations from Symbiosis College, Pune. He has over 10 years of experience in the field of media planning and buying and was associated with Lintas Mudra OMS prior to joining our Company in April 2004. His current responsibilities include media planning and buying, and coordinating creative agencies and marketing initiatives. His compensation for the last financial year was Rs. 1,499,988.

Mr. Mohammed Basheer, 51 years, Manager—Factory Administration, holds a diploma in Electrical Engineering. He has over 19 years of experience in the field of production and has been with our Company since November 1986. His current responsibilities include factory administration, production and other related operations of factories. His compensation for the last financial year was Rs. 1,078,450.

Mr. M. Vengadachalam, 45 years, Manager—Quality Control, holds a master's degree in Chemistry from Madras University. He has over 11 years of experience in the field of quality control and was associated with Godrej Sara Lee prior to joining our Company in September 2000. His current responsibilities include quality control across the country and development activities of new products. His compensation for the last financial year was Rs. 410,940.

Mr. T. G. Pradosh, 33 years, Senior Officer—Sales Administration, holds a bachelor's degree in Commerce from Calicut University. He has over 11 years of experience in the field of planning, costing, inventory control and was associated with Dominion (UB Group) prior to joining our Company in August 2001. His current responsibilities include sales administration and operations. His compensation for the last financial year was Rs. 583,982.

Shareholding/Interest of Key Management Personnel

Except for the Equity Shares held by our Directors, which are disclosed in the section titled "Our Management—Board of Directors—Shareholding of the Directors" on page 80 of this Red Herring Prospectus, none of our Key Management Personnel hold any Equity Shares in our Company.

Except for the interests of our Directors, which are disclosed in the section titled "Our Management—Board of Directors—Interests of Directors" on page 79 of this Red Herring Prospectus, the Key Management Personnel do not have any interest in our Company other than the remuneration and benefits they are entitled to under their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. There is no bonus or profit sharing scheme for our Key Management Personnel. Except as disclosed below, none of our Key Management Personnel have taken loans from the Company.

Sr. No.	Name and Designation	Amount of Loan Obtained	Amount Outstanding as on June 30, 2007
1.	Mr. P. R. Jagdeeshan, GM-Sales	1,500,000	1,350,000
2.	Mr. K. N. Jagdeeshan, GM-Sales	50,000	50,000
3.	Mr. T. Krishnan, GM- Operations	1,000,000	1,000,000
4.	Mr. T. V. Sunith Babu, Head—Engineering Research and Development	1,000,000	549,991
5.	Mr. T. G. Pradosh, Senior Officer—Sales Administration	300,000	245,000

Changes in Key Management Personnel

The following changes have occurred in our Key Management Personnel over the last three years:

Key Management Person	Date	Reason
K. Raghvendra..................................	April 15, 2004	Appointment
Mohit Bhatia.....................................	March 31, 2005	Resignation
R. K. Hebbar.....................................	September 21, 2005	Appointment
Pankaj Kumar	November 25, 2005	Resignation
Dipankar Banerjee	May 31, 2007	Resignation

OUR PROMOTER AND PROMOTER GROUP

Our Promoter

Our Promoter is Mr. M. P. Ramachandran.

Mr. M. P. Ramachandran, 60 years (passport number: B2914618, PAN: ADZPM3832E, driving license number: MH-02 9012754, voting identity card no.: MT/09/45/1069301), is the Chairman and Managing Director of our Company. For more details, please refer to the sction “Our Management- Our Board of Directors” on page 76 of this Red Herring Prospectus.

We confirm that the details of the permanent account number, bank account numbers and passport numbers of our Promoter will be submitted to the Stock Exchanges at the time of filing this Red Herring Prospectus.

Interest in promotion of our Company

Our Promoter and certain members of our Promoter Group own Equity Shares in our Company, details of which are disclosed in the section titled “Capital Structure—Notes to Capital Structure” on page 16 of this Red Herring Prospectus.

Our Promoter and one member of our Promoter Group, Ms. M. R. Jyothy, are on our Board. The details of their appointment and remuneration are disclosed in the section titled “Our Management—Our Board of Directors—Terms of Appointment” on page 77 of this Red Herring Prospectus.

We have acquired the following property from our Promoter and the Promoter Group in the two years prior to the filing of this Red Herring Prospectus:

Date	Name of vendor(s)	Description of the property	Consideration (Rs.)
June 29, 2006	Mr. M. P. Ramachandran Ms. M. G. Santhakumari	Shed No. 40, Ground floor, Shivshakti Industrial Estate, Andheri (E), Mumbai.	5,495,000
June 29, 2006	Mr. M. P. Ramachandran Ms. M. G. Santhakumari	Shed No. 28, Ground floor, Shivshakti Industrial Estate, Andheri (E), Mumbai.	4,200,000
June 29, 2006	Mr. M. P. Ramachandran Ms. M. G. Santhakumari	Shed No. 244, 2nd floor, Shivshakti Industrial Estate, Andheri (E), Mumbai.	4,536,000
June 29, 2006	Mr. M. P. Ramachandran Ms. M. G. Santhakumari	Shed No. 43, Ground floor, Shivshakti Industrial Estate, Andheri (E), Mumbai.	6,090,000
		SUBTOTAL	20,321,000
July 29, 2006	Mr. M. P. Ramachandran Ms. M. G. Santhakumari	Shed No. 44, Ground floor, Shivshakti Industrial Estate, Andheri (E), Mumbai.	5,180,000

The valuation of these properties was undertaken by an independent entity, *The Designers*, who have their registered office at 102, Gundecha Chambers, N. Master Road, Fort, Mumbai 400 001. A total of Rs. 56,120 was paid by way of consideration for preparing the valuation report dated June 23, 2006 for Shed Nos. 40, 28, 244, 43 & 44, Shiv Shakti Industrial Estate, Andheri – Kurla Road, Marol, Andheri (E), Mumbai 400 059.

On September 13, 2002, our Promoter entered into an agreement with us to transfer his rights to certain intellectual property that had, up to that date, been used by us under license. While the key items of intellectual property are now registered in our name, some of the intellectual property transferred to us is still registered in our Promoter's name and the formalities of registration in our name have not yet been completed. For further details, see the sections titled "History and Corporate Structure—Assignment of Intellectual Property" and "Government Approvals—Trademark Licenses" on pages 73 and 207, of this Red Herring Prospectus, respectively.

We use some of the Promoter Group entities to distribute our products. For details of the transactions arising out of these distribution arrangements, see the section titled "Related Party Transactions" beginning on page 97 of this Red Herring Prospectus.

Payment of benefits to our Promoter during the last two years

Except as stated in the section titled "Related Party Transactions" beginning on page 97 of this Red Herring Prospectus, there has been no payment of benefits to our Promoter during the two years prior to the date of filing this Red Herring Prospectus.

Promoter Group

Individuals and HUFs

In addition to our Promoter, the following persons (being the immediate relatives of our Promoter and HUFs in which the Promoter and/or one or more of his immediate relatives holds more than 10%) are part of our Promoter Group:

Name	Relationship with the Promoter
Ms. M. G. Santhakumari	Wife
Ms. P. K. Valliyamma	Mother
Mr. M. P. Sidharthan	Brother
Mr. M. P. Divakaran	Brother
Ms. U. B. Beena	Brother's Wife
Ms. K. K. Sujatha	Brother's Wife
Ms. M. R. Jyothy	Daughter
Ms. M. R. Deepthi	Daughter
Mr. M. G. Mohanan	Wife's Brother
Mr. M. G. Shaji	Wife's Brother
Ms. Prabhavati Sivadasan	Wife's Sister
Ms. Ratnavalli Ashokan	Wife's Sister
Ms. Shobha Ravindran	Wife's Sister
Ms. Sheeja Gangadharan	Wife's Sister
Ms. Sheena Radhakrishnan	Wife's Sister
Mr. M. P. Ramachandran (HUF)	HUF where our Promoter holds more than 10%
Mr. M. P. Divakaran (HUF)	HUF where our Promoter's immediate relative holds more than 10%
Mr. M. P. Sidharthan (HUF)	HUF where our Promoter's immediate relative holds more than 10%

Certain members of the Promoter Group in the table above hold Equity Shares in our Company. For further details, see the section titled "Capital Structure—Notes to Capital Structure" beginning on page 16 of this Red Herring Prospectus.

Companies

The details of companies forming part of our Promoter Group are as follows:

Sivasakthi Ayurvedic Research Centre Limited

Introduction

Sivasakthi Ayurvedic Research Centre Limited ("**Sivasakthi Ayurvedic**") was incorporated on April 22, 2004. Its registered office is located at XIX/130, Geethanjali Apartment, Guruvayoor P.O., District Trichur, Kerala.

Its main objects, as set out in its memorandum of association, includes research work of all kinds in the development of ayurvedic and herbal healthcare products or improving the products developed by Sivasakthi Ayurvedic to manufacture, market, patent, sell, lease and/or license those products, directly or indirectly through others.

Equity Shareholding Pattern

The equity shareholding pattern of Sivasakthi Ayurvedic, as on October 20, 2007, was as follows:

Shareholder	No. of equity shares of Rs. 1000 each	Percentage shareholding
Mr. M. P. Ramachandran	70	14.00%
Ms. M. G. Santhakumari	74	14.80%
Ms. M. R. Jyothy	73	14.60%
Mr. M. P. Divakaran	70	14.00%
Ms. K. K. Sujatha	70	14.00%
Mr. M. P. Sidharthan	70	14.00%
Ms. M. R. Deepthi	73	14.60%
TOTAL	**500**	**100%**

The equity shares of Sivasakthi Ayurvedic are not listed on any stock exchange.

Board of Directors

The board of directors of Sivasakthi Ayurvedic on October 20, 2007 comprised of Mr. M.P. Ramachandran, Mr. M. P. Sidharthan and Mr. M. P. Divakaran.

Financial Performance

Even though Sivasakthi Ayurvedic was incorporated on April 22, 2004, the certificate of commencement of business was obtained only on January 28, 2005 and hence no activities were undertaken in the year ended March 31, 2005.

The financial results of Sivasakthi Ayurvedic for the last three financial years are as follows:

(Rs. in million except per share data)

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	—	—	—
Profit/(Loss) after tax	—	—	—
Reserves and Surplus (excluding revaluation reserves)	—	—	—
Debit balance of Profit and Loss Account	0.00	0.00	0.00
Equity share capital (paid up)	0.50	0.50	0.50
Earnings/(Loss) per share (diluted) (Rs.)	—	—	—

	(Rs. in million except per share data)		
	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Book Value (Rs./share)	935.56	935.56	935.56

Sivasakthi Ayurvedic is an unlisted company and it has not made any public or rights issue in the three years preceding the date on which this Red Herring Prospectus is filed. It has not become a sick company under the meaning of SICA and it is not under winding up.

Sahyadri Agencies Limited

Introduction

Sahyadri Agencies Limited ("**Sahyadri**") was incorporated on July 9, 2003. Its registered office is located at 699/N, Geethanjali Apartment, Guruvayoor P.O., District Trichur, Kerala.

Its main objects, as set out in its memorandum of association, include acting as distributers and commission agents for all kinds and varieties of goods, mercantile, chattels, to produce commodities including consumer goods, personal care products, fabric care, whiteners, air care, hair care, household insecticides, surface cleaning, cosmetics and beauty products.

Equity Shareholding Pattern

The equity shareholding pattern of Sahyadri, as on October 20, 2007, was as follows:

Shareholder	No. of equity shares of Rs. 1,000 each	Percentage shareholding
Ms. M. G. Santhakumari	100	14.29%
Ms. M. R. Jyothy	100	14.29%
Mr. M. P. Divakaran	100	14.29%
Ms. K. K. Sujatha	100	14.29%
Mr. M. P. Sidharthan	100	14.29%
Mr. M. R. Deepthi	100	14.29%
Ms. U. B. Beena	100	14.29%
TOTAL	**700**	**100%**

The equity shares of Sahyadri are not listed on any stock exchange.

Board of Directors

The board of directors of Sahyadri on October 20, 2007 comprised of Mr. M. P. Sidharthan, Mr. M. P. Divakaran and Ms. M. R. Jyothy.

Financial Performance

The financial results of Sahyadri for the last three financial years are as follows:

	(Rs. in million except per share data)		
	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	(0.14)	01.46	11.44
Profit/(Loss) after tax	(0.04)	(0.03)	0.00
Reserves and Surplus (excluding revaluation reserves)	0.00	0.00	0.00
Debit balance of Profit and Loss Account	0.07	0.03	0.0
Equity share capital (paid up)	(0.70)	0.70	0.70
Earnings/(Loss) per share (diluted) (Rs.)	(53.22)	(48.19)	4.89
Book Value (Rs./share)	885.92	930.36	969.76

Sahyadri is an unlisted company and it has not made any public or rights issue in the three years preceding the date on which this Red Herring Prospectus is filed. It has not become a sick company under the meaning of SICA and it is not under winding up.

Balaji Telebrands Limited

Our joint venture, Balaji Telebrands Limited is also a member of our Promoter Group. For further information about Balaji Telebrands, see the section titled "History and Corporate Structure—Our Joint Ventures" on page 67 of this Red Herring Prospectus.

Continental Speciale (India) Private Limited

Our joint venture, CSPL, is also a member of our Promoter Group. For further information about CSPL, see the section titled "History and Corporate Structure—Our Joint Ventures" on page 67 of this Red Herring Prospectus.

Proprietorships

The details of proprietorships forming part of our Promoter Group are as follows:

Beena Agencies

Introduction

Beena Agencies is a proprietorship firm formed on November 24, 1992. The main office of Beena Agencies is located at Madhavi Nivas, Podikundu, Kannur, Kerala.

Its main objects are to act as wholesale dealers in fabric whitener, washing soap, dishwash bars and powder, detergent powder, agarbattis and scrubber pads.

Ownership

The ownership of Beena Agencies, as on October 20, 2007, was as follows:

Proprietor	**Percentage interest**
Ms. U. B. Beena	100%
TOTAL	**100%**

Financial Performance

The financial results of Beena Agencies for the last three financial years are as follows:

(Rs. in million)

	Year ended March 31, 2007	**Year ended March 31, 2006**	**Year ended March 31, 2005**
Total Income	68.43	65.55	64.43
Profit/(Loss) after tax	1.49	1.27	0.84
Capital	3.35	3.42	5.24

Deepthi Agencies

Introduction

Deepthi Agencies is a proprietorship firm formed on July 28, 2001. Its office is located at 23/1169 A, Cotton Mill Road, Thiruvanoor, Calicut, Kerala.

Its main object is to act as a wholesale dealer in fabric whitener, washing soap and powder, dishwash bars, agarbatti, scrubber pads, toilet soaps and detergent powder.

Ownership

The ownership of Deepthi Agencies, as on October 20, 2007, was as follows:

Proprietor	Percentage interest
Ms. M. R. Deepthi	100%
TOTAL	**100%**

Financial Performance

The financial results of Deepthi Agencies for the last three financial years are as follows:

(Rs. in million)

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	49.01	40.74	40.64
Profit/(Loss) after tax	1.77	1.34	1.46
Capital	9.30	8.92	7.58

Travancore Trading Corporation

Introduction

Travancore Trading Corporation is a proprietorship firm formed on February 14, 1989. Its office is located at Thannakkal, Mangalapuram, Thiruvanathapuram, Kerala.

Its main object is to act as a wholesale dealer in fabric whitener, washing soap, dishwash bars, mosquito coils, agarbatti, scrubber pads, toilet soaps and washing powder.

Ownership

The ownership of Travancore Trading Corporation, as on October 20, 2007, was as follows:

Proprietor	Percentage interest
Mr. M. P. Sidharthan	100%
TOTAL	**100%**

Financial Performance

The financial results of Travancore Trading Corporation for the last three financial years are as follows:

(Rs. in million)

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	31.14	25.90	28.59
Profit/(Loss) after tax	00.78	0.84	0.94
Capital	6.45	5.93	5.69

Srihari Stock Suppliers

Introduction

Srihari Stock Suppliers is a proprietorship firm formed on March 27, 1997. The office of Srihari Stock Suppliers is located at No. 10, Thirunavakarasu Nagar, Kuniamuthur, Coimbatore, Tamil Nadu.

Its main object is to act as a wholesale dealer in fabric whitener, washing soap, dishwashing bars, agarbatti, scrubber pads and mosquito coils.

Ownership

The ownership of Srihari Stock Suppliers, as on October 20, 2007, was as follows:

Proprietor	Percentage interest
Ms. M. R. Jyothy	100%
TOTAL	**100%**

Financial Performance

The financial results of Srihari Stock Suppliers for the last three financial years are as follows:

(Rs. in million)

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	84.47	60.73	52.48
Profit/(Loss) after tax	00.29	0.40	(0.04)
Capital	7.32	5.61	5.21

Sahyadri Agencies

Introduction

Sahyadri Agencies is a proprietorship firm formed on May 8, 1989. The office of Sahyadri Agencies is located at Kumeranellur, Kottayam, Kerala.

Its main object is to act as a wholesale dealer in fabric whiteners, washing soap and powder, dishwash bars, mosquito coils, agarbatti, scrubber pads and toilet soaps.

Ownership

The ownership of Sahyadri Agencies, as on October 20, 2007, was as follows:

Proprietor	Percentage interest
Mr. M. P. Divakaran	100%
TOTAL	**100%**

Financial Performance

The financial results of Sahyadri Agencies for the last three financial years are as follows:

(Rs. in million)

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	18.31	14.07	12.14
Profit/(Loss) after tax	0.26	0.23	0.16
Capital	0.64	0.38	0.42

Sujatha Agencies

Introduction

Sujatha Agencies is a proprietorship firm formed on May 8, 1995. The office of Sujatha Agencies is located at No. 4/795-F, 30th Street, Sulaksmi, Santhi Nagar, Palayamkottai, Tamil Nadu.

Its main object is to act as a wholesale dealer in fabric whitener, washing soap and powder, dishwash bars, mosquito coils, agarbatti, scrubber pads, toilet soaps etc.

Ownership

The ownership of Sujatha Agencies, as on October 20, 2007, was as follows:

Proprietor	Percentage interest
Mr. M. P. Divakaran	100%
TOTAL	**100%**

Financial Performance

The financial results of Sujatha Agencies for the last three financial years are as follows:

(Rs. in million)

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	72.31	64.61	56.65
Profit/(Loss) after tax	(00.57)	(0.11)	(0.75)
Capital	7.52	8.09	8.20

Patnerships

The details of partnerships forming part of our Promoter Group are as follows:

M. P. Agencies

Introduction

M. P. Agencies is a partnership firm formed on October 1, 1991. The office of M. P. Agencies is located at 249/11, Parish Road, Kandanassery, District Trichur, Kerala.

Its main object is to act as an agent, dealer and stockist for Ujala and Nebula products, stationery items and all consumer products of Jyothy Laboratories Limited.

Ownership

The ownership of M. P. Agencies, as on October 20, 2007, was as follows:

Partner	Percentage interest
Mr. M. P. Divakaran	50%
Ms. K. K. Sujatha	50%
TOTAL	**100%**

Financial Performance

The financial results of M. P. Agencies for the last three financial years are as follows:

(Rs. in million)

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	43.00	37.62	29.74
Profit/(Loss) after tax	0.77	0.72	0.47
Capital	5.36	4.24	3.53

Sri Guruvayurappan Agencies

Introduction

Sri Guruvayurappan Agencies is a partnership firm formed on September 30, 1992. The office of the firm is located at Shanvaz Shopping Complex, Guruvayoor, Karakkad, Trichur, Kerala.

The main object of the firm is to act as an agent, dealer and stockist for Ujala products, stationery items and all consumer products and to carry on any other business which the partners find to be advantageous and in the best interest of the firm.

Ownership

The ownership of Sri Guruvayurappan Agencies, as on October 20, 2007, was as follows:

Partner	Percentage interest
Mr. M. P. Divakaran	40%
Mr. M. P. Sidharthan	40%
Ms. P. K. Valliamma	20%
TOTAL	**100%**

Financial Performance

The financial results of the firm for the last three financial years are as follows:

(Rs. in million)

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	50.10	45.13	51.08
Profit/(Loss) after tax	00.96	0.82	1.00
Capital	7.70	6.55	5.79

Tamil Nadu Distributors

Introduction

Tamil Nadu Distributors is a partnership formed on December 7, 1990. The office of the firm is located at Charles Nagar, 2nd Street, Pudukottai, Tamil Nadu.

The main object of the firm is to act as an agents, dealer and stockist for Ujala products, stationery items and all consumer products and to carry on any other business which the partners find to be advantageous and in the best interest of the firm.

Ownership

The ownership of Tamil Nadu Distributors, as on October 20, 2007, was as follows:

Partner	Percentage interest
Mr. M. P. Divakaran	33.33%
Mr. T. A. Vamanan	33.33%
Mr. C. N. Radhakrishnan	33.33%
TOTAL	**100%**

Financial Performance

The financial results of the firm for the last three financial years are as follows:

(Rs. in million)

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	47.47	43.41	50.83
Profit/(Loss) after tax	0.49	0.40	(0.26)
Capital	5.73	5.24	4.87

Quilon Trading Company

Introduction

Quilon Trading Company is a partnership formed on December 10, 1991. The office of the firm is located at Door No. 9/662, Perumbuzha, Kundara, Quilon, Kerala.

The main object of the firm is to act an agent, dealer and stockist for Ujala products, stationery items and all consumer products and to carry on any other business which the partners find to be advantageous and in the best interest of the firm.

Ownership

The ownership of Quilon Trading Company, as on October 20, 2007, was as follows:

Partner	Percentage interest
Mr. M. P. Divakaran	50%
Mr. M. P. Sidharthan	50%
TOTAL	**100%**

Financial Performance

The financial results of the firm for the last three financial years are as follows:

(Rs. in million)

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	48.19	38.04	31.90
Profit/(Loss) after tax	1.08	0.80	0.56
Capital	9.15	7.57	6.71

M.P. Ramachandran—HUF

The members of this HUF are Mr. M P Ramachandran, Ms. M G Santhakumari, Ms. M R Jyothy and Ms. M R Deepthi.

Financial Performance

The financial results of the HUF for the last three financial years are as follows:

(Rs. in million)

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	3.23	0.45	0.02
Capital	5.88	2.65	2.19

M.P. Divakaran—HUF

The members of this HUF are Mr. M P Divakaran, Ms. K. K. Sujatha, Ms. Geetha Divakaran and Mr. Jitin Divakaran.

Financial Performance

The financial results of the HUF for the last three financial years are as follows:

(Rs. in million)

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Total Income	02.14	00.29	0.00
Capital	2.61	1.95	1.67

M.P. Sidharthan—HUF

The members of this HUF are Mr. M P Siddharthan, Ms. U. B. Beena and Ms. S. Srihari.

Financial Performance

The financial results of the HUF for the last three financial years are as follows:

(Rs. in million)

	Year ended March 31, 2007	**Year ended March 31, 2006**	**Year ended March 31, 2005**
Total Income	1.50	0.21	0.02
Capital	1.83	1.23	1.77

Companies/ventures with which the promoter have disassociated in the last three years

The Promoter has not dissociated himself from any company/venture in the last three years.

Companies engaged in similar pursuits

Some of the companies, partnership and proprietorship firms in our Promoter Group are engaged in the distribution of our products and may engage in business activities similar to those undertaken by our Company. This could be a potential source of conflict of interest.

RELATED PARTY TRANSACTIONS

The following are details of transactions with related parties

(Amount INR Million)

Particulars	Nature of Relationship	Name of the Related Party	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
Purchase of finished goods	Wholly Owned Subsidiary	Sri Sai Home Care Products (P) Limited	103.29	98.07	114.66	95.85	82.54
	Joint venture company	Balaji Telebrands Limited	12.75	—	—	—	—
Purchase of raw materials	Wholly Owned Subsidiary	Sri Sai Home Care Products (P) Limited	0.38				
Purchase of packing materials	Wholly Owned Subsidiary	Sri Sai Home Care Products (P) Limited	0.04				
	Enterprises in which relatives of individual having Control are interested	Emerald Packaging	—	—	—	—	9.30
Remuneration	Individual having Control $	M.P. Ramachandran	10.80	10.80	10.80	6.00	11.97
	Relatives of Individual having Control	M.R. Jyothy #	1.26	0.60	0.30	0.15	—
		M.P. Sidharthan	1.20	1.20	1.20	1.50	0.87
		M.P. Divakaran*	0.87	1.20	1.20	1.50	1.20
		M.R. Deepthy	0.25	—	—	—	—
		Ananth Rao T.	0.22	0.05	—	—	—
	Key Management Personnel	K. Ullas Kamath	10.01	10.01	8.10	6.00	7.05
Commission	Individual having Control	M.P. Ramachandran	9.73	7.94	5.63	—	—
	Key Management Personnel	K. Ullas Kamath	6.49	5.30	3.76	—	—
Assignment of Premises under Construction (at book value)	Individual having Control	M.P. Ramachandran	—	7.85	—	—	—
	Relatives of Individual having Control	M.G. Santhakumari	—	6.05	—	—	—
Purchases of Fixed Assets	Individual having Control	M.P. Ramachandran	—	20.32	—	—	9.40
	Wholly Owned Subsidiary	Sri Sai Home Care Products (P) Limited	0.87	—	—	—	0.19
	Relatives of Individual having Control	M.G. Santhakumari	—	5.18	—	—	—
		M.P. Divakaran	—	—	—	—	9.63
		M.P. Sidharthan	—	—	—	—	14.67
Sale of plant and machinery	Wholly Owned Subsidiary	Sri Sai Home Care Products (P) Limited	7.37	—	—	—	—
Purchase of intangible assets	Individual having Control	M.P. Ramachandran	—	—	—	—	10.00
Investment in shares	Joint venture company	Balaji Telebrands Limited	0.25	—	—	—	—
		Continental Speciale (India) Pvt Limited	0.05				

(Amount INR Million)

Particulars	Nature of Relationship	Name of the Related Party	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
Dividend	Individual having Control	M.P. Ramachandran	43.76	43.76	10.50	—	8.75
	Relatives of Individual having Control	Others	15.49	15.49	3.72	—	3.10
	Enterprises in which relatives of individual having Control are interested	Others	3.77	3.77	0.90		0.75
Sale of Finished Goods	Enterprises in which relatives of individual having Control are interested	Beena Agencies	76.38	67.04	64.93	82.73	65.58
		Sree Guruvayurappan Agencies	58.15	48.14	50.34	60.40	47.04
		Sreehari Stock Suppliers	96.81	59.02	55.81	46.26	45.14
		Sujatha Agencies	73.20	60.83	59.07	54.53	70.00
		Tamilnadu Distributors	47.85	42.97	47.65	46.55	61.07
		Quilon Trading Company	57.68	41.37	33.97	40.37	34.84
		Others	160.05	126.51	112.09	130.24	106.02
	Enterprise significantly influenced by key management personnel or their relatives	Sahyadri Agencies Ltd.	(0.12)	0.58	9.82	2.51	
	Joint venture company	Balaji Telebrands Limited	0.02				
Claim for reimbursement for Sale Promotion Expenses	Enterprises in which relatives of individual having Control are interested	Sreehari Stock Suppliers	3.22	2.50	2.39	11.11	—
		Sujatha Agencies	1.55	1.84	1.79	18.79	—
		Tamilnadu Distributors	1.13	1.46	1.71	13.65	—
		Beena Agencies	0.74	0.67	1.62	7.82	—
		Others	2.98	1.75	3.01	20.38	—
	Enterprise significantly influenced by key management personnel or their relatives	Sahyadri Agencies Limited	0.01	0.16	0.07		
Write off of old outstanding	Enterprises in which relatives of individuals having control are interested	Shanti Industries	—	—	0.28	—	—
Amounts receivable	Subsidiary Company	Sri Sai Home Care Products (P) Limited	60.20	35.12	43.88	53.36	48.78
	Enterprise Significantly infiuenced by key management personnel or their relatives	Sahyadri Agencies Ltd.			0.34		
	Enterprises in which relatives of individual having Control are interested	Beena Agencies	—	—	—	—	2.76
		Sree Guruvayurappan Agencies	—	—	—	—	2.18
		Quilon Trading Co.	—	—	—	—	3.12
		Travancore Trading Corpn	—	—	—	—	0.62
		Emerald Packaging	—	—	—	—	0.10
		M.P.Agencies	—	—	—	—	2.55
		Sahyadri Agencies	—	—	—	—	1.30
		Sreehari Stock Suppliers	—	—	—	—	6.98
		Sujatha Agencies	—	—	—	—	17.04
		Tamilnadu Distributors	—	—	—	—	16.90
		Shanthi Industries	—	—	—	—	0.28

(Amount INR Million)

Particulars	Nature of Relationship	Name of the Related Party	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
Amounts payable	Joint venture company	Balaji Telebrands Limited	4.50	—	—	—	—
	Individual having Control	M.P. Ramachandran	18.48	16.69	10.88	—	12.38
	Key Management Personnel	K. Ullas Kamath	6.49	5.30	3.76	—	2.16
	Relatives of Individual having Control	M.P. Divakaran	0.88	0.93	0.51	0.30	0.85
		M.P. Sidharthan	0.63	0.63	0.38	0.07	0.63
		M.R. Jyothy	0.62	0.57	0.34	—	0.57
		Others	1.05	1.05	0.63	—	5.13
	Enterprises in which relatives of individual having Control are interested	Beena Agencies	1.56	1.79	2.04	4.55	—
		Quilon Trading Co.	0.28	1.33	0.28	1.58	—
		Travancore Trading Corpn	0.14	0.56	0.49	1.58	—
		Sree Guruvayurappan Agencies	0.30	1.59	1.83	1.28	—
		M.P.Agencies	0.78	1.51	0.78	0.75	—
		Sahyadri Agencies	0.18	0.60	0.09	0.57	—
		Sreehari Stock Suppliers	—	0.01	0.05	0.51	—
		Sujatha Agencies	—	0.17	0.14	0.17	—
		Tamilnadu Distributors	0.08	0.02	0.04	0.01	—
		Deepthy Agencies	3.46	2.44	1.94	1.99	0.08
		Others	0.75	0.75	0.45	—	0.75
	Enterprise Significantly infiuenced by key management personnel or their relatives	Sahyadri Agencies Ltd.	0.62	0.49	—	0.04	—

$ As the managing director of the company is an individual having control and hence not separately disclosed as a key management personnel.

Director w.e.f. October 24, 2005

* Director upto June 7, 2007

DIVIDEND POLICY

We have declared and paid cash dividends on our Equity Shares in the last five financial years. Details of those dividends are provided in the table below.

The declaration and payment of dividends is recommended by our Board and approved by our shareholders, at their discretion. It depends on a number of factors, including, but not limited to, our earnings, capital requirements and overall financial position. We have no stated dividend policy.

This is not indicative of our dividend policy or dividend amount, if any, in future.

,	FY 2007	FY 2006	FY 2005	FY 2004	FY 2003
			(Rs. in Million)		
Face value of equity shares (Rs. per share)........	5#	10	10	10	10
Dividend (Rs. in million)...................................	90.71	90.71	21.78	Nil	14
Dividend tax (Rs. in million).............................	13.26	12.73	2.94	Nil	1.79
Dividend per equity share (Rs.).........................	6.25	12.50	3.00	Nil	2.50
Dividend rate (%)	125%	125%	30%	Nil	25%

During the year ended June 30, 2007, as per approval by the shareholders in the Extra—Ordinary Meeting held, every equity share having face value of Rs 10 per share was sub-divided into 2 shares of Rs 5 each.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Auditors' report
(as required by Part II of Schedule II to the Companies Act, 1956)

To
The Board of Directors
Jyothy Laboratories Limited
43, Shiv-shakti Industrial Estate,
Andheri-Kurla Road,
Marol, Andheri (East),
Mumbai—400 059.

Dear Sirs,

We have examined the financial information of Jyothy Laboratories Limited ('the Company') as at June 30, 2007, June 30, 2006, June 30, 2005, June 30, 2004 and March 31, 2003, annexed to this report, prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:

a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') as amended to date,

c. the terms of our engagement agreed upon with you in accordance with our engagement letter dated May 26, 2007 in connection with the offer document being issued by the Company for its proposed Initial Public Offer; and

d. the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India ('ICAI').

This report is being issued for incorporating the same in the offer document, to be issued by Jyothy Laboratories Limited in connection with the proposed offer for sale of equity shares by the shareholders.

Financial information as per the audited financial statements:

The financial information of Jyothy Laboratories Limited has been extracted by the management from the financial statements of Jyothy Laboratories Limited for the years / period ended June 30, 2007, June 30, 2006, June 30, 2005, June 30, 2004 and March 31, 2003 and approved by the Board of Directors.

In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:

a) The Summary Statement of Assets and Liabilities, as restated, Summary Statement of Profits and Losses, as restated and Summary Statement of Cash Flows, as restated ('Restated Financial Statements') of the Company, as at and for the years / period ended June 30, 2007, June 30, 2006, June 30, 2005, June 30, 2004 and March 31, 2003, examined by us, as set out in Annexure I, II and III to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Notes on adjustments for Restated Financial Statements and Significant Accounting Policies for Restated Financial Statements (Refer Annexure IV and IVA).

b) Based on our examination, we are of the opinion that the restated financial statements have been made after incorporating:

- the impact arising on account of changes in accounting policies adopted by the Company as at and for the year ended June 30, 2007 applied with retrospective effect in the restated financial statements;
- adjustments for the material amounts in the respective financial years to which they relate, except to the extent stated in note 4 in Annexure IV;
- the qualifications and material adjustments relating to the relevant previous years / period.

c) There are no extraordinary items which need to be disclosed separately in the restated financial statements.

Other Financial Information:

At the Company's request, we have examined the following financial information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company, for the years/ period ended June 30, 2007, June 30, 2006, June 30, 2005, June 30, 2004 and March 31, 2003:

i. Details of Rates of Dividend, enclosed as Annexure V;

ii. Capitalization Statement as at June 30, 2007, enclosed as Annexure VI;

iii. Statement of Accounting Ratios, as restated, enclosed as Annexure VII;

iv. Details of Loans, enclosed as Annexure VIII;

v. Details of Other Income, enclosed as Annexure IX;

vi. Statement of Tax Shelters, enclosed as Annexure X;

vii. Statement of Transactions with Related Parties and Details of Outstanding Balances, enclosed as Annexure XI.

In our opinion, the financial information as disclosed in the annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure IV and IVA, and after making adjustments and re-groupings as considered appropriate and disclosed in Annexure IV, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed public offer of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Associates
Chartered Accountants

***Per* Sudhir Soni**
Partner
Membership No: 41870

Place: Mumbai
Date: September 7, 2007

Annexure I: Summary Statement of Assets and Liabilities, as restated

	PARTICULARS	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
				(Amount INR Million)		
A.	**FIXED ASSETS**					
	Gross Block	1,318.91	1,064.08	942.33	740.19	644.49
	Less: Accumulated depreciation and impairment loss	(290.59)	(240.02)	(193.96)	(112.54)	(66.16)
	Net Block	**1,028.32**	**824.06**	**748.37**	**627.65**	**578.33**
	Capital work in progress (including capital advances)	573.03	83.79	94.13	204.38	141.29
	Total	**1,601.35**	**907.85**	**842.50**	**832.03**	**719.62**
B.	**INTANGIBLE ASSETS**	**27.52**	**9.79**	**11.06**	**13.34**	**17.15**
C.	**INVESTMENTS**	**17.36**	**17.06**	**26.06**	**30.96**	**34.21**
D.	**CURRENT ASSETS, LOANS AND ADVANCES**					
	Inventories	396.50	236.02	180.39	193.12	186.51
	Sundry debtors	407.36	321.99	334.10	261.10	570.88
	Cash and bank balances	767.82	1,277.23	891.59	599.33	752.33
	Other current assets— Sales promotion items	2.43	3.25	2.85	2.89	2.83
	Loans and advances	197.48	131.17	230.22	228.54	234.03
	Total	**1,771.59**	**1,969.66**	**1,639.15**	**1,284.98**	**1,746.58**
E.	**LIABILITIES AND PROVISIONS**					
	Secured loans	—	0.01	0.01	33.65	1,027.43
	Unsecured loans	1.74	1.17	0.33	—	—
	Current liabilities	373.47	225.83	270.27	201.55	250.81
	Provisions	49.75	71.97	40.24	20.23	36.55
	Deferred tax liability, net	65.32	57.37	27.04	—	33.23
	Total	**490.28**	**356.35**	**337.89**	**255.43**	**1,348.02**
	Net worth (A+B+C+D-E)	**2,927.54**	**2,548.01**	**2,180.88**	**1,905.88**	**1,169.54**
	Net worth represented by					
F.	Share capital	72.57	72.57	72.57	72.57	56.00
G.	Reserves and surplus	2,854.97	2,475.44	2,108.31	1,833.31	1,113.54
	Net worth (F+G)	**2,927.54**	**2,548.01**	**2,180.88**	**1,905.88**	**1,169.54**

The above statement should be read with the notes on adjustments for restated financial statements and significant accounting policies as appearing in Annexure IV and IVA respectively.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

Per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: September 7, 2007

For Jyothy Laboratories Limited

M.P. Ramachandran
Chairman and Managing Director

Place: Mumbai
Date: September 7, 2007

Annexure II: Summary Statement of Profits and Losses, as restated

PARTICULARS	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
INCOME					
Sales (gross)	4,338.83	3,661.53	3,175.51	3,463.34	3,140.22
Less: Sales tax recovered	(238.63)	(194.44)	(203.50)	(206.27)	(160.39)
Less: Excise duty recovered	(83.73)	(58.65)	(45.40)	(70.26)	(54.13)
Less: Trade discount	(397.03)	(389.15)	(273.13)	(242.86)	(99.24)
Net sales (refer note no. 7 of annexure IV)	**3,619.44**	**3,019.29**	**2,653.48**	**2,943.95**	**2,826.46**
Other income	126.25	121.14	60.29	57.10	31.96
Total Income (A)	**3,745.69**	**3,140.43**	**2,713.77**	**3,001.05**	**2,858.42**
EXPENDITURE					
Materials consumed	1,961.45	1,458.61	1,394.10	1,675.42	1,465.38
(Increase)/Decrease in finished goods/work in progress	(31.71)	1.39	16.05	(41.05)	(6.55)
Employee costs	407.54	336.26	271.00	249.85	179.97
Operating and administrative expenses	415.06	404.80	302.86	417.85	320.27
Advertisement and publicity	291.44	266.91	292.34	487.54	519.08
Sales promotion and schemes	47.94	18.28	13.38	298.06	115.31
Provision for doubtful debts / Bad debts written off	0.73	75.66	31.09	3.49	1.22
Sub-total (B)	**3,092.45**	**2,561.91**	**2,320.82**	**3,091.16**	**2,594.68**
PROFIT BEFORE PRIOR PERIOD ITEM, EXCEPTIONAL ITEM, INTEREST, DEPRECIATION AND TAX (A-B)	**653.24**	**578.52**	**392.95**	**(90.11)**	**263.74**
Prior period item—Advertisement expenses	—	(28.50)	—	(24.94)	—
Prior period item—Trade discount expenses	—	(6.85)	—	—	—
Exceptional item—Provision for dimunition in investments	—	—	(60.00)	—	—
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	**653.24**	**543.17**	**332.95**	**(115.05)**	**263.74**
Interest and finance charges	1.78	1.44	0.79	20.07	21.69
Depreciation, amortisation and impairment	61.69	51.71	45.19	52.12	25.25
TOTAL	**63.47**	**53.15**	**45.98**	**72.19**	**46.94**
PROFIT BEFORE TAX	**589.77**	**490.02**	**286.97**	**(187.24)**	**216.80**
Provision for tax					
—Current tax (including short/excess provision for current tax of earlier years)	66.00	53.50	29.50	0.89	14.50
—Deferred tax	(2.61)	30.33	40.17	(33.23)	20.30
—Fringe benefit tax	10.00	5.70	1.80	—	—
—Wealth tax	0.27	0.42	0.11	0.13	0.14
TOTAL	**73.66**	**89.95**	**71.58**	**(32.21)**	**34.94**
NET PROFIT BEFORE ADJUSTMENTS	**516.11**	**400.07**	**215.39**	**(155.03)**	**181.86**
ADJUSTMENTS (refer note no. 1 of annexure IV)	**(32.75)**	**67.05**	**109.14**	**(72.67)**	**(75.85)**
NET PROFIT, AS RESTATED	**483.36**	**467.12**	**324.53**	**(227.70)**	**106.01**
Profit and loss amount at the beginning of the year/period	112.58	48.90	(0.91)	226.79	296.57
Balance available for appropriation, as restated	**595.94**	**516.02**	**323.62**	**(0.91)**	**402.58**
APPROPRIATIONS					
Interim dividend on equity shares	72.57	72.57	10.89	—	—
Tax on interim dividend	10.18	10.18	1.42	—	—
Proposed dividend on equity shares	18.14	18.14	10.89	—	14.00
Tax on proposed dividend	3.08	2.55	1.52	—	1.79
Transfer to general reserve	400.00	300.00	250.00	—	160.00
TOTAL	**503.97**	**403.44**	**274.72**	**—**	**175.79**
BALANCE CARRIED FORWARD, AS RESTATED	**91.97**	**112.58**	**48.90**	**(0.91)**	**226.79**

The above statement should be read with the notes on adjustments for restated financial statements and significant accounting policies as appearing in Annexure IV and IVA respectively.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

For Jyothy Laboratories Limited

Per Sudhir Soni	M.P. Ramachandran
Partner	Chairman and Managing Director
Membership No.: 41870	
Place: Mumbai	Place: Mumbai
Date: September 7, 2007	Date: September 7, 2007

Annexure III: Summary Statement of Cash Flows, as restated

	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
	(Amount INR Million)				
A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:					
Net profit / (loss) before taxation	**557.11**	**565.57**	**397.58**	**(260.80)**	**136.86**
Adjustments for:					
Depreciation, amortisation and impairment	61.69	51.71	45.19	52.12	25.25
(Profit) / Loss on discarded/sale of fixed assets, net	3.05	3.25	(0.82)	(0.24)	0.02
(Profit) / Loss on sale of investment	—	(4.52)	—	—	0.97
Provision for dimunition in the value of investments	—	—	5.00	3.24	55.00
Dividend received	(0.08)	(0.09)	(0.12)	(0.10)	(0.15)
Interest and finance charges	1.78	1.44	0.79	20.07	21.69
Sundry advances written off (net of provision)	3.34	4.86	0.76	8.36	0.78
Interest income	(75.96)	(72.25)	(37.63)	(49.95)	(28.66)
Provision for doubtful debts / Bad debts written off	0.73	48.15	31.09	3.49	1.22
Excess provision written back	—	(0.48)	(0.25)	(3.16)	—
Provision for doubtful advances	—	—	3.59	28.55	—
Operating profit / (loss) before working capital changes	**551.66**	**597.64**	**445.18**	**(198.42)**	**212.98**
(Increase) / Decrease in current assets, loans and advances					
Inventories (including sales promotion items)	(159.66)	(56.03)	12.77	(6.67)	(57.03)
Trade receivables	(86.10)	(36.04)	(104.09)	306.29	(314.61)
Loans and advances	(69.65)	91.28	(33.97)	(11.64)	(44.01)
Increase / (Decrease) in current liabilities / provisions	135.40	(38.64)	74.55	(46.62)	(32.82)
Cash provided by / (used in) operations	**371.65**	**558.21**	**394.44**	**42.94**	**(235.49)**
Taxes paid	(76.32)	(47.05)	(3.18)	(19.89)	(28.78)
Net cash provided by / (used in) operating activities	**295.33**	**511.16**	**391.26**	**23.05**	**(264.27)**
B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:					
Purchase of fixed assets (including capital work-in-progress and capital advances)	(787.78)	(121.97)	(94.85)	(163.32)	(194.27)
Receipt of investment subsidy	0.14	3.45	1.06	—	1.00
Proceeds from sale of fixed assets	11.81	2.91	3.55	2.83	1.54
Proceeds from sale of investments	—	13.52	—	—	11.12
Purchase of investments	(0.30)	—	(0.10)	—	—
Interest received	75.96	72.25	37.63	49.95	28.66
Dividend received	0.08	0.09	0.12	0.10	0.15
Net cash used in investing activities	**(700.09)**	**(29.75)**	**(52.59)**	**(110.44)**	**(151.80)**
C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:					
Borrowing / (Repayment) of loan funds	(0.01)	—	(33.64)	(28.78)	959.63
Debenture issue expenses	—	—	—	(0.97)	(35.67)
Deferred sales tax loans	0.57	0.84	0.33	—	—
Interest and finance charges	(1.78)	(1.44)	(0.79)	(20.07)	(14.19)
Dividend paid	(90.71)	(83.45)	(10.90)	(14.00)	—
Dividend tax paid	(12.72)	(11.72)	(1.41)	(1.79)	—
Net cash provided by / (used in) financing activities	**(104.65)**	**(95.77)**	**(46.41)**	**(65.61)**	**909.77**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(509.41)	385.64	292.26	(153.00)	493.70
Cash and cash equivalents at beginning of year/period	1,277.23	891.59	599.33	752.33	258.63
Cash and cash equivalents at end of year/period	**767.82**	**1,277.23**	**891.59**	**599.33**	**752.33**
Components of cash and cash equivalents					
Cash in hand	2.11	1.17	0.92	1.98	2.47
Balance with scheduled banks—Current account	132.82	81.38	43.38	72.59	108.69
—Deposit account	632.89	1,194.68	847.29	524.76	641.17
	767.82	**1,277.23**	**891.59**	**599.33**	**752.33**

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

For Jyothy Laboratories Limited

Per Sudhir Soni	M.P. Ramachandran
Partner	Chairman and Managing Director
Membership No.: 41870	
Place: Mumbai	Place: Mumbai
Date: September 7, 2007	Date: September 7, 2007

Annexure IV

Notes on adjustments for Restated Financial Statements

1. Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits / losses of the Company.

PARTICULARS	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
ADJUSTMENTS					
Impact of changes in accounting policies and estimates					
Diminution in the value of investments ...... (See note no. 5(A) below)	—	—	55.00	—	(55.00)
Unspent liabilities written back.................. (See note no. 2(c) below)	(5.15)	(4.85)	—	10.00	—
Bad debts recovered................................... (See note no. 2(b) below)	(27.51)	27.51	—	—	—
Other adjustments					
Sales returns pertaining to year 2003-04..... (See note no. 2(f) below)	—	—	80.00	(80.00)	—
Trade discount for year 2004-05................ (See note no. 2(g) below)	—	17.54	(17.54)	—	—
Prior period items (See note no. 2(a) below)					
Advertisement expenses.............................	—	28.50	—	(3.56)	(24.94)
Trade discount expenses	—	6.85	(6.85)	—	—
Sub Total..	**(32.66)**	**75.55**	**110.61**	**(73.56)**	**(79.94)**
Tax Impact of Adjustments........................ (See note no. 2(d) and 2(e) below)	11.01	(8.50)	(8.70)	—	3.78
(Short)/Excess provision for current tax and deferred tax...................................... (See note no. 2(d) below)	(11.10)	—	7.23	0.89	0.31
Total	**(32.75)**	**67.05**	**109.14**	**(72.67)**	**(75.85)**

2. Other adjustments

a) Prior Period Items

In the financial statements for the years ended June 30, 2006 and June 30, 2004, certain items of expenses have been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted in the respective years.

b) Bad debts recovered

Debts, which were considered doubtful and written off in the year ended June 30, 2006 and which have been subsequently recovered, have been adjusted in the year when such debts were originally written off. Accordingly, adjustments have been made to the summary statement of profits and losses, as restated, for the year ended June 30, 2007 and June 30, 2006.

c) Unspent liabilities written back

In the financial statements for the years ended June 30, 2007 and 2006, liabilities created in earlier years were written back. For the purpose of this statement, the said liabilities, wherever required, have been appropriately adjusted in the financial statements for the year / period ended June 30, 2006 and 2004 respectively.

d) (Short) / Excess provision for current tax and deferred tax

The profit and loss account of some years includes amounts paid/provided for or written back, in respect of shortfall/excess income tax and deferred tax arising out of assessments, appeals etc. which has now been adjusted in the respective years. Also, income tax (current tax and deferred tax) has been computed on adjustments made as detailed above and has been adjusted in the summary statement of profits and losses, as restated for the years/period ended June 30, 2007, 2006, 2005, 2004 and March 31, 2003. The effect of adjustments relating to financial years ending prior to March 31, 2003 has been adjusted against the Accumulated Profit and Loss balance as at April 1, 2002.

e) Tax effect of debentures issue expenses adjusted directly against Share Premium Account

The Company had during the year ended March 31, 2003, incurred expenses on issue of debentures and write-off of these expenses is being adjusted against the Share Premium Account, as per practice followed. Pursuant to recent clarification dated September 5, 2005 by the Institute of Chartered Accountants of India (‘ICAI’), on tax effect of expenses adjusted against the reserves, the amount of above proportionate write-off has now been adjusted net of income tax against the Share Premium Account.

f) Sales returns

During the year ended June 30, 2005, the Company had initiated voluntary withdrawal of one of its product. Consequently, on / after the year end, the Company had issued credit notes aggregating Rs 80.00 million for returns pertaining to sales of this product made in the period ended June 30, 2004, which has been netted off from sales. Accordingly, adjustments have been made in the summary statements of profits and losses, as restated, for the year/period ended June 30, 2005 and 2004.

g) Trade discounts

During the year ended June 30, 2006, the Company had accounted claims for trade discount of Rs 17.54 million determined based on sales made during the year ended June 30, 2005. For the purpose of this statement, the said expense has been appropriately adjusted in the respective year in which sales were made. Accordingly, adjustments have been made to the summary statements of profits and losses, as restated, for the years ended June 30, 2006 and 2005.

3. Material regroupings

Intangible Assets

The provision relating to Intangible Assets as per Accounting Standard 26 on Intangible Assets (‘AS-26’) issued by the ICAI became mandatory for the Company from April 1, 2003. For the purpose of this statement, AS-26 has been applied for the year ended March 31, 2003, as if it was applicable since then. Accordingly, the Company has capitalized the amount of additions made to software development under the Intangible Assets in the accounts for the year ended March 31, 2003. Due to above change, there was no impact on the profit of the Company.

However for the purpose of regrouping of restated profit and loss and restated assets and liabilities, the standard has been applied retrospectively.

4. Non-adjustments

Impairment of assets

The Company adopted Accounting Standard 28, (‘AS-28’)—Impairment of Assets, that became effective from April 1, 2004, as issued and required by the ICAI for the first time in preparing the financial statements for the year ended June 30, 2005. Accordingly, the Company provided Rs 39.00 million for the impairment losses representing the amount by which the carrying amount of the asset exceeds its recoverable amount. Such impairment losses were due to adverse market conditions for one of its Cash Generating Unit pertaining to the ‘Soaps and Detergents’ segment. In accordance with the transitional provisions of AS-28, the Company recorded the accumulated impairment loss of Rs 25.87 million (net of deferred tax credit of Rs 13.13 million) as an adjustment to the general reserves.

For the purpose of this statement, AS-28 has not been applied for the period / year ended June 30, 2004 and March 31, 2003 as the same was not applicable in that period / year.

5. Auditors’ Qualifications:

A. Financial year ended June 30, 2004 and March 31, 2003

The Company had made an investment of Rs 71.36 million in the equity share capital of Sri Adhikari Brothers Limited (‘SAB’) in year 2000-01. The market value as on March 31, 2003 was Rs 16.18 million. The diminution in the value of investment had not been provided in the accompanying financial statements. The management was of the opinion that the investments were strategic long term in nature and the diminution in the value of investments was temporary. In year 2004-05, considering the trend of market value, the management has provided Rs 60.43 million for diminution in value of investment.

The statutory auditors have qualified their opinion on the financial statements for the year / period ended March 31, 2003 and June 30, 2004 on account of non-provision for diminution in value of investment, which was not in accordance with the Accounting standard 13, “Accounting for Investments” issued by the ICAI. Accordingly, adjustments are made to the summary statement of profits and losses, as restated and summary statement of assets and liabilities, as restated, for the years / period ended March 31, 2003 and June 30, 2004 and 2005.

B. Other Audit qualifications, which do not require any corrective adjustment in the financial information are as follows:

i. Financial year ended June 30, 2006

CARO, 2006

The internal control system for sale of goods needs to be further strengthened to make it commensurate with the size of the Company and the nature of its business. Subsequent to year end, the Company has initiated steps to strengthen the internal control system for sale of goods.

The Company is regular in depositing with appropriate authorities undisputed statutory dues including wealth tax, custom duty, sales tax, excise duty and cess except provident fund, employees’ state insurance, service tax and professional tax, where the Company has been generally regular. In case of income tax, the Company has not generally been regular in deposit of the dues with the appropriate authorities.

ii. Financial year ended June 30, 2005

CARO, 2005

The internal control system for sale of goods needs to be further strengthened to make it commensurate with the size of the Company and the nature of its business.

The Company is regular in depositing with appropriate authorities undisputed statutory dues including sales-tax, wealth-tax, service tax, custom duty, excise duty and cess except provident fund and employees’ state insurance, where the Company has been generally regular. In case of income-tax, the Company has not generally been regular though the delays in deposit have not been serious.

iii. Financial year ended June 30, 2004

CARO, 2004

There was an inadequate internal control system for execution of certain sales promotion schemes, which was a major control weakness as at the balance sheet date. According to the information and explanations given to us by the management this weakness has been rectified subsequent to the balance sheet date.

The Company is regular in depositing undisputed statutory dues with the appropriate authorities including excise duty, except in case of employees’ state insurance, provident fund and income tax, where the Company has been generally regular. In case of sales—tax and profession tax, the Company has not generally been regular though the delays in deposit have not been serious.

6. Reconciliation of Profit and Loss balance as on April 1, 2002

	(Amount INR Million)
Profit and loss account as at April 1, 2002 (Audited)	304.46
Short/(Excess) provision for current tax of earlier years (See note no. 2(d) above)	(7.89)
Profit and loss account as at April 1, 2002 (Restated)	296.57

7. Details of Sales, as restated

Sales, net	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
Sale of company's branded products:					
a) Manufactured at own facility	2,203.71	1,854.26	1,639.91	1,810.46	1,802.98
b) Procured under contract manufacturing arrangements	1,332.31	1,104.44	1,013.57	1,133.11	1,021.80
Sale of other traded products	83.42	60.59	—	0.38	1.68
As per audited financials	3,619.44	3,019.29	2,653.48	2,943.95	2,826.46
Adjustments					
Sales returns pertaining to year 2003-04 (See note no. 2(f) above)	—	—	80.00	(80.00)	—
Trade discount for year 2004-05 (See note no. 2(g) above)	—	17.54	(17.54)	—	—
Prior period item: Trade discount expenses (See note no. 2(a) above)	—	6.85	(6.85)	—	—
Total	—	24.39	55.61	(80.00)	—
Restated after adjustments	3,619.44	3,043.68	2,709.09	2,863.95	2,826.46

8. Schedules to Summary Statement of Assets and Liabilities, as restated

SHARE CAPITAL	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Share capital					
Equity shares					
Authorised capital	100.00	100.00	100.00	100.00	100.00
Number of shares (in Nos.)	20,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Equity shares					
Issued, subscribed and paid-up	72.57	72.57	72.57	72.57	56.00
Number of shares (in Nos.)	14,513,760	7,256,880	7,256,880	7,256,880	5,600,000
Total	**72.57**	**72.57**	**72.57**	**72.57**	**56.00**

Note: During the year ended June 30, 2007, as per approval by the shareholders in the Extra—Ordinary General Meeting held, every equity share having face value of Rs 10 per share was sub-divided into 2 shares of Rs 5 per share of face value.

RESERVES AND SURPLUS	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Share premium	1,068.12	1,068.12	1,068.12	1,068.12	120.65
Capital redemption reserve	—	—	—	—	1.85
Investment subsidy	6.73	6.59	3.14	2.08	2.08
General reserves	1,688.15	1,288.15	988.15	764.02	762.17
Less: Debit balance in profit and loss account	—	—	—	(0.91)	—
	1,688.15	1,288.15	988.15	763.11	762.17
Balance in profit and loss account	91.97	112.58	48.90	—	226.79
	2,854.97	**2,475.44**	**2,108.31**	**1,833.31**	**1,113.54**

SECURED LOANS	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Cash credit from bank*..........	—	—	—	33.65	62.43
Term loan from bank#...........	—	0.01	0.01	—	—
2 % Fully convertible debentures $.....................	—	—	—	—	965.00
	—	**0.01**	**0.01**	**33.65**	**1,027.43**

\# Term loan from bank is secured against first charge on standing crops on land, receivables, investments and other movable assets

* The cash credit from bank is secured against fixed deposits and a first charge on inventory, book debts, plant and machinery, furniture and fixtures and other movable assets.

$ 2 % Fully convertible debentures are secured by second charge by way of hypothecation of land, building and plant and machinery.

UNSECURED LOANS	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Deferred sales tax loan...........	1.74	1.17	0.33	—	—
	1.74	**1.17**	**0.33**	**—**	**—**

DEFERRED TAX LIABILITY, Net	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
a) Deferred tax liability					
Depreciation..................................	88.92	84.44	73.64	63.11	44.81
	88.92	84.44	73.64	63.11	44.81
b) Deferred tax assets					
Technical royalty	1.16	1.54	2.05	2.77	4.09
Gratuity	4.09	8.56	7.43	6.47	7.05
Provision for doubtful debts...........	0.51	0.26	11.64	1.72	0.44
Provision for doubtful advances	0.68	1.46	10.82	10.38	—
Provision for leave encashment	2.54	2.12	1.26	—	—
Provision for impairment losses.....	14.62	13.13	13.13	—	—
Provision for assets held for disposal.....................................	—	—	—	0.37	—
Provision for dimunition in Investments	—	—	—	1.19	—
Business Loss................................	—	—	—	40.13	—
Others..	—	—	0.27	0.08	—
	23.60	27.07	46.60	63.11	11.58
	65.32	**57.37**	**27.04**	**—**	**33.23**

Fixed Assets

Particulars	Freehold land	Leasehold land	Building	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
				(Amount INR Million)					
Gross Block as at April 1, 2002	**22.47**	**4.47**	**182.69**	**123.38**	**10.75**	**5.48**	**11.59**	**15.85**	**376.68**
Additions during the year	28.98	3.17	95.84	108.60	7.23	6.22	11.20	8.53	269.77
Disposals during the	—	—	—	—	—	—	—	1.96	1.96

Particulars	Freehold land	Leasehold land	Building	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
					(Amount INR Million)				
year									
Gross Block as at March 31, 2003	**51.45**	**7.64**	**278.53**	**231.98**	**17.98**	**11.70**	**22.79**	**22.42**	**644.49**
Depreciation									
Accumulated Depreciation as at April 1, 2002	**—**	**—**	**13.93**	**12.46**	**10.75**	**0.69**	**2.21**	**2.74**	**42.78**
Charge for the year	—	0.27	7.93	9.32	1.72	0.61	2.10	1.83	23.78
Adjustments for disposals during the year	—	—	—	—	—	—	—	0.40	0.40
Accumulated Depreciation as at March 31, 2003	**—**	**0.27**	**21.86**	**21.78**	**12.47**	**1.30**	**4.31**	**4.17**	**66.16**
Net Block as at March 31, 2003	**51.45**	**7.37**	**256.67**	**210.20**	**5.51**	**10.40**	**18.48**	**18.25**	**578.33**
Gross Block as at April 1, 2003 .	**51.45**	**7.64**	**278.53**	**231.98**	**17.98**	**11.70**	**22.79**	**22.42**	**644.49**
Additions during the period	—	—	43.94	34.91	5.09	1.97	5.56	8.76	100.23
Disposals during the period	—	—	—	0.47	—	—	—	4.06	4.53
Gross Block as at June 30, 2004	**51.45**	**7.64**	**322.47**	**266.42**	**23.07**	**13.67**	**28.35**	**27.12**	**740.19**
Depreciation									
Accumulated Depreciation as at April 1, 2003	**—**	**0.27**	**21.86**	**21.78**	**12.47**	**1.30**	**4.31**	**4.17**	**66.16**
Charge for the period	—	0.12	11.67	21.25	6.29	1.38	4.25	3.36	48.32
Adjustments for disposals during the period	—	—	—	0.04	—	—	—	1.90	1.94
Accumulated Depreciation as at June 30, 2004	**—**	**0.39**	**33.53**	**42.99**	**18.76**	**2.68**	**8.56**	**5.63**	**112.54**
Net Block as at	**51.45**	**7.25**	**288.94**	**223.43**	**4.31**	**10.99**	**19.79**	**21.49**	**627.65**

Particulars	Freehold land	Leasehold land	Building	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
					(Amount INR Million)				
June 30, 2004									

Fixed Assets

Particulars	Freehold land	Leasehold land	Building	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
					(Amount INR Million)				
Gross Block as at July 1, 2004....	**51.45**	**7.64**	**322.47**	**266.42**	**23.07**	**13.67**	**28.35**	**27.12**	**740.19**
Additions during the year	0.61	—	77.10	108.10	1.49	9.32	3.51	4.97	205.10
Disposals during the year	—	0.05	—	2.10	—	—	0.07	0.74	2.96
Gross Block as at June 30, 2005	**52.06**	**7.59**	**399.57**	**372.42**	**24.56**	**22.99**	**31.79**	**31.35**	**942.33**
Depreciation									
Accumulated Depreciation as at July 1, 2004	**—**	**0.39**	**33.53**	**42.99**	**18.76**	**2.68**	**8.56**	**5.63**	**112.54**
Charge for the year	—	0.07	11.31	19.54	4.29	1.10	3.75	2.84	42.90
Impairment loss for the year	—	1.03	14.34	21.50	—	0.52	1.26	0.35	39.00
Adjustments for disposals during the year	—	—	—	0.28	—	—	0.04	0.16	0.48
Accumulated Depreciation and Impairment loss as at June 30, 2005 .	**—**	**1.49**	**59.18**	**83.75**	**23.05**	**4.30**	**13.53**	**8.66**	**193.96**
Net Block as at June 30, 2005 .	**52.06**	**6.10**	**340.39**	**288.67**	**1.51**	**18.69**	**18.26**	**22.69**	**748.37**
Gross Block as at July 1, 2005..	**52.06**	**7.59**	**399.57**	**372.42**	**24.56**	**22.99**	**31.79**	**31.35**	**942.33**
Additions during the year..............	2.23	—	62.61	48.85	3.76	1.23	5.86	7.47	132.01
Disposals during the year..............	—	—	—	3.23	—	0.10	1.20	5.73	10.26
Gross Block as at June 30,	**54.29**	**7.59**	**462.18**	**418.04**	**28.32**	**24.12**	**36.45**	**33.09**	**1,064.08**

Particulars	Freehold land	Leasehold land	Building	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
					(Amount INR Million)				
2006									
Depreciation									
Accumulated Depreciation as at July 1, 2005 .	**—**	**0.46**	**44.84**	**62.25**	**23.05**	**3.78**	**12.27**	**8.31**	**154.96**
Charge for the year	—	0.12	14.32	23.69	3.21	1.62	4.10	3.10	50.16
Adjustments for disposals during the year	—	—	—	0.94	—	0.06	0.88	2.22	4.10
Accumulated Depreciation as at June 30, 2006.............	**—**	**0.58**	**59.16**	**85.00**	**26.26**	**5.34**	**15.49**	**9.19**	**201.02**
Impairment									
Impairment as at July 1, 2005..	**—**	**1.03**	**14.34**	**21.50**	**—**	**0.52**	**1.26**	**0.35**	**39.00**
Charge for the year	—	—	—	—	—	—	—	—	—
Impairment as at June 30, 2006.............	**—**	**1.03**	**14.34**	**21.50**	**—**	**0.52**	**1.26**	**0.35**	**39.00**
Net Block as at June 30, 2006.............	**54.29**	**5.98**	**388.68**	**311.54**	**2.06**	**18.26**	**19.70**	**23.55**	**824.06**

Fixed Assets

Particulars	Freehold land (Refer Note 1)	Leasehold land	Building (Refer Note 2)	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
					(Amount INR Million)				
Gross Block as at July 1, 2006...	**54.29**	**7.59**	**462.18**	**418.04**	**28.32**	**24.12**	**36.45**	**33.09**	**1,064.08**
Additions during the year	135.14	20.29	53.50	54.23	1.12	4.61	4.62	5.56	279.07
Disposals during the year	5.54	—	—	13.74	4.18	0.06	0.36	0.36	24.24
Gross Block as at June 30, 2007	**183.89**	**27.88**	**515.68**	**458.53**	**25.26**	**28.67**	**40.71**	**38.29**	**1,318.91**
Depreciation									
Accumulated Depreciation	**—**	**0.58**	**59.16**	**85.00**	**26.26**	**5.34**	**15.49**	**9.19**	**201.02**

Particulars	Freehold land (Refer Note 1)	Leasehold land	Building (Refer Note 2)	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
				(Amount INR Million)					
as at July 1, 2006									
Charge for the year..........	—	0.26	14.13	28.62	2.70	1.92	4.74	3.58	55.95
Adjustments for disposals during the year	—	—	—	4.76	4.18	0.04	0.29	0.11	9.38
Accumulated Depreciation as at June 30, 2007	**—**	**0.84**	**73.29**	**108.86**	**24.78**	**7.22**	**19.94**	**12.66**	**247.59**
Impairment									
Impairment as at July 1, 2006 ...	**—**	**1.03**	**14.34**	**21.50**	**—**	**0.52**	**1.26**	**0.35**	**39.00**
Charge for the year..........	—	—	—	4.00	—	—	—	—	4.00
Impairment as at June 30, 2007	**—**	**1.03**	**14.34**	**25.50**	**—**	**0.52**	**1.26**	**0.35**	**43.00**
Net Block as at June 30, 2007	**183.89**	**26.01**	**428.05**	**324.17**	**0.48**	**20.93**	**19.51**	**25.28**	**1,028.32**

Note

1) Includes land acquired from customer at agreed value of Rs 1.00 against recovery of dues and is held for disposal. (Also refer note under sundry debtors schedule)
2) Includes flats acquired from customer at agreed value of Rs 19.50 against recovery of dues and is held for disposal.

INVESTMENTS (Long term, at cost)	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Trade Investments (Unquoted)					
Investment in Sri Sai Home Care Products Private Limited—a wholly owned subsidiary	7.90	7.90	7.90	7.90	7.90
Investment in Balaji Telebrands Limited—a Joint venture company...	0.25	—	—	—	—
Investment in Continental Speciale (India) Private Limited—a joint venture company	0.05	—	—	—	—
Total..	**8.20**	**7.90**	**7.90**	**7.90**	**7.90**
Non Trade Investments (Quoted) Investment in Shares					
Contech Soft Limited...	1.18	1.18	1.18	1.18	1.18
Infosys Technologies Ltd..	—	—	0.86	0.86	0.86
Punjab Tractor	—	—	0.71	0.71	0.71
Zee Telefilm Ltd..	—	—	1.54	1.54	1.54
Shri Adhikari Brothers Ltd	70.85	70.85	71.36	71.36	71.36
MTNL..	—	—	1.09	1.09	1.09
Satyam Computers Ltd	—	—	0.32	0.32	0.32
Wipro Ltd	—	—	0.31	0.31	0.31

INVESTMENTS (Long term, at cost)	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
	(Amount INR Million)				
Sab Nife Power Ltd	—	—	1.14	1.14	1.14
Tata Motors Ltd	—	—	2.26	2.26	2.26
Mphasis-BFL SW Ltd	—	—	0.51	0.51	0.51
Sub Total	**72.03**	**72.03**	**81.28**	**81.28**	**81.28**
Less: Provision for dimunition in the value of investments	(63.00)	(63.00)	(63.25)	(58.25)	(55.00)
Total	**9.03**	**9.03**	**18.03**	**23.03**	**26.28**
National Saving Certificates	0.13	0.13	0.13	0.03	0.03
	17.36	**17.06**	**26.06**	**30.96**	**34.21**
Market value of quoted shares	12.00	9.06	19.73	13.26	9.67

INVENTORIES	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
	(Amount INR Million)				
Raw and packing materials (including goods in-transit)	122.15	99.25	82.42	84.83	132.88
Work in progress	4.48	7.28	8.47	10.00	6.03
Finished goods (including goods in-transit)	253.45	113.27	80.78	92.19	43.44
Stores and spare parts	16.42	16.22	8.72	6.10	4.16
	396.50	**236.02**	**180.39**	**193.12**	**186.51**

SUNDRY DEBTORS	As at June 30, 2007 (refer note)	As at June 30, 2006 (refer note)	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
	(Amount INR Million)				
Secured, considered good					
Outstanding for more than six months	13.26	13.26	—	—	—
Unsecured					
a) Outstanding for more than six months					
Considered good	1.81	29.32	—	0.57	3.36
Considered doubtful	1.51	0.78	4.58	3.49	1.22
Less: Provision for doubtful debts	(1.51)	(0.78)	(4.58)	(3.49)	(1.22)
	1.81	29.32	—	0.57	3.36
b) Other debts					
Considered good	392.29	279.41	334.10	260.53	567.52
Considered doubtful	—	—	30.00	—	—
Less: Provision for doubtful debts	—	—	(30.00)	—	—
	392.29	279.41	334.10	260.53	567.52
	407.36	**321.99**	**334.10**	**261.10**	**570.88**

Note

Sundry debtors include receivables of Rs 15.07 from a customer with whom transactions has been discontinued during the year 2005-06. Of the total outstanding, Rs 13.26 is considered as secured against the market value of land acquired from the customer. (Refer note under fixed assets schedule)

CASH AND BANK BALANCES	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
	(Amount INR Million)				

Cash in hand	2.11	1.17	0.92	1.98	2.47
Balance with scheduled banks—Current account	132.82	81.38	43.38	72.59	108.69
—Deposit account	632.89	1,194.68	847.29	524.76	641.17
	767.82	**1,277.23**	**891.59**	**599.33**	**752.33**

LOANS AND ADVANCES	**As at June 30, 2007**	**As at June 30, 2006**	**As at June 30, 2005**	**As at June 30, 2004**	**As at March 31, 2003**
			(Amount INR Million)		
Unsecured, considered good					
Advances to wholly owned subsidiary	60.20	35.12	43.88	53.36	48.78
Deposits	14.62	11.27	9.18	8.97	7.73
Advances recoverable in cash or in kind	47.40	20.82	10.63	7.14	29.98
Quantity discount receivable	7.11	5.52	5.05	10.64	34.28
Advance to suppliers	51.06	41.29	136.17	107.70	91.23
Balance with excise authorities	10.26	12.87	17.76	6.72	6.93
Staff loans	6.83	4.28	4.16	2.68	3.55
Advance tax (net of provisions)	—	—	3.39	31.33	11.55
	197.48	131.17	230.22	228.54	234.03
Unsecured and considered doubtful					
Advance to suppliers	2.00	2.53	31.33	27.65	—
Loans to employees	—	—	0.81	0.81	—
Less: Provision for doubtful advances/ loans	(2.00)	(2.53)	(32.14)	(28.46)	—
	197.48	**131.17**	**230.22**	**228.54**	**234.03**

CURRENT LIABILITIES	**As at June 30, 2007**	**As at June 30, 2006**	**As at June 30, 2005**	**As at June 30, 2004**	**As at March 31, 2003**
			(Amount INR Million)		
Sundry creditors	116.59	52.90	68.75	71.84	135.44
Other current liabilities	235.74	155.40	184.92	107.64	110.36
Security deposits	3.82	5.03	5.06	6.31	4.26
Advances from customers	17.32	12.50	11.54	15.76	0.75
	373.47	**225.83**	**270.27**	**201.55**	**250.81**

PROVISIONS	**As at June 30, 2007**	**As at June 30, 2006**	**As at June 30, 2005**	**As at June 30, 2004**	**As at March 31, 2003**
			(Amount INR Million)		
Proposed dividend	18.14	18.14	10.88	—	14.00
Dividend tax on proposed dividend	3.08	2.54	1.53	—	1.79
Provision for gratuity	12.03	25.45	22.19	18.06	19.62
Provision for leave encashment	7.47	6.29	3.73	2.04	1.00
Provision for wealth tax	0.43	0.43	0.11	0.13	0.14
Provision for income tax (net of advance tax)	6.86	17.62	—	—	—
Provision for fringe benefit tax	1.74	1.50	1.80	—	—
	49.75	**71.97**	**40.24**	**20.23**	**36.55**

9. Schedules to Summary Statement of Profits and Losses, as restated

SALES, net	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
Sale of company's branded products:					
a) Manufactured at own facility	2,203.71	1,854.26	1,639.91	1,810.46	1,802.98
b) Procured under contract manufacturing arrangements	1,332.31	1,104.44	1,013.57	1,133.11	1,021.80
Sale of other traded products	83.42	60.59	—	0.38	1.68
	3,619.44	**3,019.29**	**2,653.48**	**2,943.95**	**2,826.46**

OTHER INCOME	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
Dividend received	0.08	0.09	0.12	0.10	0.15
Interest on fixed deposit	75.96	72.25	37.63	49.95	28.66
Export incentives	0.06	3.07	1.80	1.43	0.58
Processing income	—	7.25	8.43	—	—
Profit on sale of investments	—	4.52	—	—	—
Excess provision written back	5.15	10.48	0.25	3.16	—
Sales tax incentives	11.53	13.43	6.31	—	—
Bad debts recovered	27.51	—	—	—	—
Credit balances written back	—	3.50	2.40	—	—
Profit on sale of fixed assets (net)	—	—	0.82	0.24	—
Lease rent income	—	—	—	0.90	1.20
Miscellaneous income	5.96	6.55	2.53	1.32	1.37
	126.25	**121.14**	**60.29**	**57.10**	**31.96**

MATERIALS CONSUMED		Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
				(Amount INR Million)		
Raw and packing materials consumed						
Opening stock		99.25	82.42	84.82	132.88	87.48
Add: Cost of purchases (including freight, net of freight subsidy)		718.42	542.87	474.59	582.86	672.39
		817.67	625.29	559.41	715.74	759.87
Less: Closing stock		(122.15)	(99.25)	(82.42)	(84.82)	(132.88)
	(a)	**695.52**	**526.04**	**476.99**	**630.92**	**626.99**
Cost of trading goods *						
Opening stock		73.58	42.70	40.13	24.44	8.63
Add: Cost of purchases		1,274.73	936.77	894.48	1,035.42	840.86
		1,348.31	979.47	934.61	1,059.86	849.49
Less: Closing stock		(180.45)	(73.58)	(42.70)	(40.13)	(24.44)
	(b)	**1,167.86**	**905.89**	**891.91**	**1,019.73**	**825.05**
Provision for free products under sales promotion scheme	**(c)**	**61.01**	—	—	—	—
	(A) [a+b+c]	**1,924.39**	**1,431.93**	**1,368.90**	**1,650.65**	**1,452.04**
Excise Duty	**(B)**	**37.06**	**26.68**	**25.20**	**24.77**	**13.34**
Total (A+B)		**1,961.45**	**1,458.61**	**1,394.10**	**1,675.42**	**1,465.38**

*—Including cost of Company's branded products procured under contract manufacturing arrangements

(INCREASE)/DECREASE IN FINISHED GOODS/WORK IN PROGRESS		Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
		(Amount INR Million)				
(Increase)/ decrease in inventories						
Closing stock						
Finished goods............................		73.00	39.69	38.08	52.06	19.00
Work in progress		4.48	7.28	8.47	10.00	6.03
		77.48	46.97	46.55	62.06	25.03
Opening stock						
Finished goods............................		39.69	38.08	52.06	19.00	13.27
Work in progress		7.28	8.47	10.00	6.03	6.55
		46.97	46.55	62.06	25.03	19.82
	(A)	**(30.51)**	**(0.42)**	**15.51**	**(37.03)**	**(5.21)**
(Increase)/ decrease in excise duty						
Excise duty on closing stock.........		4.30	3.10	4.91	5.45	1.43
Excise duty on opening stock		3.10	4.91	5.45	1.43	0.09
	(B)	**(1.20)**	**1.81**	**0.54**	**(4.02)**	**(1.34)**
Total (A+B)......................		**(31.71)**	**1.39**	**16.05**	**(41.05)**	**(6.55)**

EMPLOYEE COSTS	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
	(Amount INR Million)				
Salaries, wages and bonus	285.67	220.09	182.44	176.64	117.38
Contribution to provident and other funds.....	27.87	17.82	15.20	18.31	16.39
Gratuity...	14.76	4.24	5.43	—	5.20
Staff welfare expenses..................................	20.62	30.41	26.47	33.03	14.21
Directors' remuneration.................................	22.94	22.42	20.10	13.50	13.30
Commission to directors...............................	16.82	13.84	9.39	—	6.92
Field staff incentives.....................................	18.86	27.44	11.97	8.37	6.57
	407.54	**336.26**	**271.00**	**249.85**	**179.97**

OPERATING AND OTHER EXPENSES	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
	(Amount INR Million)				
Conversion charges..	5.94	7.63	14.44	47.16	65.49
Power and fuel expenses....................................	64.32	46.02	37.40	34.85	15.17
Rent..	18.23	11.98	9.53	10.58	6.43
Insurance..	2.14	1.47	1.47	1.69	1.20
Repairs and maintenance					
—Building..	2.28	3.41	3.27	2.69	2.18
—Plant and machinery.......................................	30.24	19.89	3.82	13.59	14.89
—Others...	6.15	7.77	5.88	9.61	1.03
Research and development.................................	1.90	0.85	1.09	0.64	1.00
Printing and stationery	4.38	3.36	2.16	3.17	3.74
Communication costs...	10.23	8.82	9.52	11.58	8.20
Legal and professional fees................................	37.71	83.27	18.89	24.77	27.37
Rates and taxes...	24.55	49.36	51.43	50.06	49.16
Directors' sitting fees...	0.15	0.15	0.13	—	—
Vehicle maintenance..	7.26	7.55	5.91	11.43	12.26
Donation...	0.40	0.37	1.81	0.50	0.48
Loss on discarded/sale of fixed assets, net..........	3.05	3.25	—	—	0.02

OPERATING AND OTHER EXPENSES	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
Provision for assets held for disposal	—	—	—	1.00	—
Provision for doubtful advances	—	—	3.59	28.55	—
Provision for dimunition in value of investments	—	—	—	3.24	—
Sundry advances written off	3.34	4.86	0.76	8.36	0.78
Exchange loss, net	1.41	0.11	0.34	0.24	0.13
Carriage outwards (net of freight subsidy)	70.19	50.34	31.56	41.31	24.41
Field staff expenses and awards	69.79	43.50	44.46	65.28	53.50
Traveling and conveyance	19.44	17.57	15.89	16.47	12.66
Brokerage on sales	8.72	8.01	9.21	6.04	2.98
Loss on sale of investments	—	—	—	—	0.97
Debenture / Share issue expenses	—	—	—	0.97	35.67
Less: Amount adjusted against share premium account	—	—	—	(0.97)	(35.67)
Miscellaneous expenses	23.24	25.26	30.30	25.04	16.22
	415.06	**404.80**	**302.86**	**417.85**	**320.27**

INTEREST AND FINANCE CHARGES	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
Interest expense	0.77	0.27	—	9.19	10.10
Bank charges and commission	1.01	1.17	0.79	1.23	1.70
Interest on debentures	—	—	—	9.65	9.89
	1.78	**1.44**	**0.79**	**20.07**	**21.69**

CONTINGENT LIABILITIES	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Contingent liabilities not provided for in respect of:					
(i) Amount outstanding in respect of guarantees given by the Company to banks	3.17	2.95	2.67	—	—
(ii) Tax matters					
(a) Disputed liability in respect of income-tax demands— matters under appeal	1.65	1.65	2.17	4.89	13.99
(b) Disputed sales tax demands—matters under appeal	53.58	21.66	2.51	—	7.49
(c) Disputed excise duty and service tax demand—matter under appeal	2.33	0.43	1.85	—	—
(iii) Claims against the Company not acknowledged as debt	12.00	12.00	—	—	26.21
	72.73	**38.69**	**9.20**	**4.89**	**47.69**

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

Per Sudhir Soni
Partner
Membership No.: 41870

Mumbai
Date: September 7, 2007

For Jyothy Laboratories Limited

M.P. Ramachandran
Chairman and Managing Director

Mumbai
Date: September 7, 2007

Annexure IVA: Significant Accounting Policies for Restated Financial Statements

a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

b) Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Cost of shares of Co-operative society has been added to the cost of office building. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

d) Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

The estimated useful life of the assets is as follows:

Category	Estimated useful life (in years)
Buildings	30-60
Plant and machinery	3-21
Electrical installations	20
Furniture and fixtures	12
Dies and moulds	1-3
Computers	6
Office equipments	20
Vehicles	8-10
Trademarks and Copyrights	9-10

Leasehold land is amortised over the period of the lease on a straight-line basis. The Goodwill purchased will be tested for impairment purposes every year.

e) Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceed its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

iii. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

f) Operating Leases

Lease payments on operating leases are recognized as expense on a straight-line basis, over the lease term.

g) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

h) Investment

Long term investments are stated at cost. Provision, where necessary, is made to recognize a diminution, other than temporary, in the value of investments.

i) Inventories

Inventories of raw materials, packing materials, work-in-progress, finished goods, stores and consumables items are valued at cost or net realizable value, whichever is lower. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost is ascertained on First-in-First out (‘FIFO’) basis and includes all applicable costs incurred in bringing goods to their present location and condition. Cost of work in progress and finished goods includes materials and all applicable manufacturing overheads. The Company accrues for excise duty liability in respect of manufactured finished goods / intermediary inventories lying in the factory.

j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax and VAT deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arised during the year. Revenue includes the amount of excise duty refund received / due in accordance with incentive scheme.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

k) Foreign currency translation

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii)Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company’s monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India are capitalized as a part of fixed asset.

l) Income-tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Profit & Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the period.

m) Retirement and other employee benefits

Retirement benefits to employees comprise payments for gratuity, leave encashment and provident fund. Contributions to provident fund are charged to the profit and loss account as incurred. The liability for gratuity and leave encashment is provided for based on valuation by an independent actuary at the year end.

n) Sales promotion items

Sales promotion items are valued at cost or net realizable value, whichever is lower. Cost is ascertained on First-in-First out (‘FIFO’) basis and includes all applicable costs incurred in bringing goods to their present location and condition.

o) Provisions

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

p) Excise duty

Excise duty on turnover is reduced from turnover. Excise duty relating to the difference between the opening stock and closing stock is recognized as income/expense as the case may be, separately in the Profit and Loss account.

q) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion.

As per our report of even date

For S.R. Batliboi & Associates Chartered Accountants	For Jyothy Laboratories Limited
Per Sudhir Soni Partner Membership No.: 41870	M.P. Ramachandran Chairman and Managing Director
Place: Mumbai Date: September 7, 2007	Place: Mumbai Date: September 7, 2007

Annexure V: Details of Rates of Dividend

The dividends declared by the company during the year ended June 30, 2007 and the last four financial years are presented below.

Particulars	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
Class of Shares					
Equity share capital	72.57	72.57	72.57	72.57	56.00
Face Value (Rs / Share)—Note 3	5.00	10.00	10.00	10.00	10.00
Dividend on Equity Shares					
Interim Dividend					
—Rate	100.00%	100.00%	15.00%	—	—
—Amount	72.57	72.57	10.89	—	—
—Corporate Dividend Tax	10.18	10.18	1.42	—	—
Final Dividend					
—Rate	25.00%	25.00%	15.00%	—	25.00%
—Amount	18.14	18.14	10.89	—	14.00
—Corporate Dividend Tax	3.08	2.55	1.52	—	1.79

Notes:

1. The amounts paid as dividend in the past is not indicative of the dividend policy in the future.
2. The figures disclosed above are based on the summary statement of assets and liabilities, as restated and summary statement of profits and losses, as restated of Jyothy Laboratories Limited.
3. During the year ended June 30, 2007, as per approval by the shareholders in the Extra—Ordinary Meeting held, every equity share having face value of Rs 10 per share was sub-divided into 2 shares of Rs 5 each.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

Per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: September 7, 2007

For Jyothy Laboratories Limited

M.P. Ramachandran
Chairman and Managing Director

Place: Mumbai
Date: September 7, 2007

Annexure VI: Capitalisation Statement, as restated

Particulars	Pre issue as at June 30, 2007	Post issue (Note 1)
	(Amount INR Million)	
Long Term Debts		
Deferred sales tax loan	1.74	1.74
Total Long Term Debts (a)	**1.74**	**1.74**
Shareholders' Funds		
Equity Share Capital	72.57	72.57
Share Premium	1,068.12	1,068.12
General Reserve	1,688.15	1,688.15
Profit and Loss Account	91.97	91.97
Total Shareholders' Funds (b)	**2,920.81**	**2,920.81**
Total Long Term Debts / Shareholders' Funds (a/b)	0.00:1	0.00:1

Notes:

1. It is proposed to offer the shares of the existing promoters through offer for sale and thus, there will be no increase in the existing share capital of the company and therefore the post issue figures are the same as pre issue figure.
2. The figures disclosed above are based on restated summary statements of Jyothy Laboratories Limited as at June 30, 2007.

For S.R. Batliboi & Associates
Chartered Accountants

Per Sudhir Soni
Partner
Membership No.: 41870

Mumbai
Date: September 7, 2007

For Jyothy Laboratories Limited

M.P. Ramachandran
Chairman and Managing Director

Mumbai
Date: September 7, 2007

Annexure VII : Statement of Accounting Ratios, as restated

Particulars	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
Basic earnings per share (Rs)	33.30	32.18	22.36	(17.27)	9.47
Diluted earnings per share (Rs)	33.30	32.18	22.36	(17.27)	7.87
Return on net worth (%)	16.51%	18.33%	14.88%	-11.95%	9.06%
Net asset value per equity share (Rs)	201.71	175.56	150.26	131.32	104.42
Weighted average number of equity shares outstanding during the year/ period used for:					
—Basic earnings per share	14,513,760	14,513,760	14,513,760	13,188,256	11,200,000
—Dilutive earnings per share	14,513,760	14,513,760	14,513,760	13,188,256	14,513,760
Total number of equity shares outstanding at the end of the year/ period	14,513,760	14,513,760	14,513,760	14,513,760	11,200,000

Notes:

1. The ratios have been computed as below:

Basic and Diluted Earnings per share (Rs) $$\frac{\text{Net profit/(loss) after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year/ period}}$$

Return on net worth (%) $$\frac{\text{Net profit/(loss) after tax, as restated}}{\text{Net worth, as restated, at the end of the year/ period}}$$

Net asset value per equity share (Rs) $$\frac{\text{Net worth, as restated, at the end of the year/ period}}{\text{Number of equity shares outstanding at the end of the year/ period}}$$

2. The figures disclosed above are based on the Restated Summary Statements of Jyothy Laboratories Limited.
3. Earnings per share calculations are done in accordance with the Accounting Standard 20 ‘Earnings Per Share’ issued by the Institute of Chartered Accountants of India.
4. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year/ period, adjusted by the number of equity shares issued during the year/ period multiplied by the time-weighting factor. The time-weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.
5. For the purpose of calculating diluted earning per share for year ended March 31, 2003, the net profit attributable to equity shareholders and weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares from the conversion of 2% Fully Convertible Debentures as at March 31, 2003. The number of equity shares is the aggregate of the weighted average number of equity shares and the maximum number of equity shares which would be issued on the conversion of all dilutive potential equity shares into equity shares.
6. During the year ended June 30, 2007, as per approval by the shareholders in the Extra—Ordinary Meeting held, every equity share having face value of Rs 10 per share was sub-divided into 2 shares of Rs 5 each. To Facilitate comparision, the Basic and Diluted earning per share for previous year has been recomputed.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

Per Sudhir Soni
Partner
Membership No.: 41870

Mumbai
Date: September 7, 2007

For Jyothy Laboratories Limited

M.P. Ramachandran
Chairman and Managing Director

Mumbai
Date: September 7, 2007

Annexure VIII : Details of Loans

	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
	(Amount INR Million)				
Secured Loan					
A) From Banks					
(i) Term Loan	—	0.01	0.01	—	—
(ii) Cash Credit Facilities	—	—	—	33.65	62.43
	—	0.01	0.01	33.65	62.43
B) 2% Fully Convertible Debenture	—	—	—	—	965.00
Total	**0.00**	**0.01**	**0.01**	**33.65**	**1,027.43**
Unsecured Loan					
Deferred sales tax loan	1.74	1.17	0.33	—	—
Total	**1.74**	**1.17**	**0.33**	**—**	**—**

Notes :

1. Deferred sales tax loan represent the deferment of tax collected under the provisions of Kerala Value Added Tax Act, 2003, which is payable to government in sixty monthly instalments starting from the month of September 2008, with simple interest of 12% per annum.
2. The figures disclosed above are based on the Restated Summary Statements of Jyothy Laboratories Limited.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

Per Sudhir Soni
Partner
Membership No.: 41870

Mumbai
Date: September 7, 2007

For Jyothy Laboratories Limited

M.P. Ramachandran
Chairman and Managing Director

Mumbai
Date: September 7, 2007

Annexure IX : Details of Other Income, as restated

	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
	(Amount INR Million)				
Other Income, as restated (A)	93.59	111.14	60.29	57.10	31.96
Net Profit before tax, as per Summary Statement of Profits and Losses, as restated (B)	557.11	565.57	397.58	(260.80)	136.85
Percentage (A/B)	16.80%	19.65%	15.16%	— *	23.35%

Source of Other Income	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003	Related /Not Related to Business Activity	Nature
	(Amount INR Million)						
Dividend received	0.08	0.09	0.12	0.10	0.15	Not Related	Non Recurring
Interest on fixed deposit	75.96	72.25	37.63	49.95	28.66	Not Related	Recurring
Export incentives	0.06	3.07	1.80	1.43	0.58	Related	Recurring
Processing income	—	7.25	8.43	—	—	Related	Non Recurring
Profit on sale of investments	—	4.52	—	—	—	Not Related	Non Recurring
Excess provision written back		0.48	0.25	3.16	—	Related	Non Recurring
Sales tax incentives	11.53	13.43	6.31	—	—	Related	Recurring
Credit balances written back	—	3.50	2.40	—	—	Related	Non Recurring
Profit on sale of fixed assets (net)	—	—	0.82	0.24	—	Related	Non Recurring
Lease rent income	—	—	—	0.90	1.20	Not Related	Non Recurring
Miscellaneous income	5.96	6.55	2.53	1.32	1.37	Not Related	Non Recurring
	93.59	**111.14**	**60.29**	**57.10**	**31.96**		

Note :

1. * Since there is a net loss before tax, as restated, the percentage has not been shown.
2. The classification of other income as recurring/non-recurring and related/not related to business activity is based on the current operations and business activity of the company as determined by the Management.
3. The above amounts are as per the summary statement of profits and losses, as restated of the Company.

As per our report of even date

For S.R. Batliboi & Associates Chartered Accountants	For Jyothy Laboratories Limited
Per Sudhir Soni Partner Membership No.: 41870	M.P. Ramachandran Chairman and Managing Director
Mumbai Date: September 7, 2007	Mumbai Date: September 7, 2007

Annexure X: Tax Shelter Statement

Particulars	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
Profit Before Tax, as restated	**557.11**	**565.57**	**397.58**	**(260.80)**	**136.86**
Tax Rate in %	33.74%	33.66%	35.86%	36.02%	36.75%
Tax expense at weighted average rate	**187.97**	**190.37**	**142.57**	**(93.94)**	**50.30**
Provision for income tax (including deferred tax) as per the restated summary statements	**63.48**	**92.33**	**71.14**	**(33.23)**	**30.71**
Difference	**124.49**	**98.04**	**71.43**	**(60.71)**	**19.59**
Adjustments					
Permanent Differences					
(Profit) / Loss on sale of investments, net	—	(4.52)	—	—	0.97
Provision for diminution in value of investments	—	—	5.00	3.24	55.00
Deduction u/s 80IB of Income Tax Act	(357.64)	(299.49)	(119.89)	—	(57.67)
Deduction u/s 80HHC of Income Tax Act	—	—	—	—	0.42
Capital Expenses not allowable under Income Tax Act	—	29.18	—	—	—
Brought forward Business loss and Unabsorbed Depreciation (refer note 2)	—	—	(224.66)	224.66	—
Deferred Advertisement Expenditure (refer note 2)	—	—	—	(64.24)	(82.55)
Other disallowance under Income Tax Act (refer note 2)	(6.03)	(15.81)	54.67	—	—
Other permanent differences	(1.11)	(0.64)	(0.59)	4.88	0.51
Total	**(364.78)**	**(291.28)**	**(285.47)**	**168.54**	**(83.32)**
Tax Expense/(Saving) on net adjustment	(123.08)	(98.04)	(102.37)	60.71	(30.62)
Tax impact due to change in tax rate	(0.70)				
Incremental Tax as per Section 115JB	—	—	30.94	—	11.03
Tax at Special Rate	(0.71)	—	—	—	—
Total	**(124.49)**	**(98.04)**	**(71.43)**	**60.71**	**(19.59)**

Note:

1. As the Restated Financial Statements have been prepared on financial year basis, the applicable tax rate is the weighted average of the rates applicable for the periods April to June and July to March.
2. Deferred tax is not recognised for unabsorbed losses due to absence of virtual certainty at the end of the period and for the expenses where timing differences is expected to reverse during the tax holiday period.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

Per Sudhir Soni
Partner
Membership No.: 41870

Mumbai
Date: September 7, 2007

For Jyothy Laboratories Limited

M.P. Ramachandran
Chairman and Managing Director

Mumbai
Date: September 7, 2007

Annexure XI: Statement of transactions with related parties and details of outstanding balances

Particulars	Nature of Relationship	Name of the Related Party	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
					(Amount INR Million)		
Purchase of finished goods	Wholly Owned Subsidiary	Sri Sai Home Care Products (P) Limited	103.29	98.07	114.66	95.85	82.54
	Joint venture company	Balaji Telebrands Limited	12.75	—	—	—	—
Purchase of raw materials	Wholly Owned Subsidiary	Sri Sai Home Care Products (P) Limited	0.38	—	—	—	—
Purchase of packing materials	Wholly Owned Subsidiary	Sri Sai Home Care Products (P) Limited	0.04	—	—	—	—
	Enterprises in which relatives of Individual having Control are interested	Emerald Packaging	—	—	—	—	9.30
Remuneration	Individual having Control $	M.P. Ramachandran	10.80	10.80	10.80	6.00	11.97
	Relatives of Individual having Control	M.R. Jyothy #	1.26	0.60	0.30	0.15	—
		M.P. Sidharthan	1.20	1.20	1.20	1.50	0.87
		M.P.Divakaran*	0.87	1.20	1.20	1.50	1.20
		M.R.Deepthy	0.25	—	—	—	—
		Ananth Rao T.	0.22	0.05	—	—	—
	Key Management Personnel	K. Ullas Kamath	10.01	10.01	8.10	6.00	7.05
Commission	Individual having Control	M.P. Ramachandran	9.73	7.94	5.63	—	—
	Key Management Personnel	K. Ullas Kamath	6.49	5.30	3.76	—	—
Assignment of Premises under Constructi on (at book value)	Individual having Control	M.P. Ramachandran	—	7.85	—	—	—
	Relatives of Individual having Control	M.G. Santhakumari	—	6.05	—	—	—
Purchases of Fixed Assets	Individual having Control	M.P. Ramachandran	—	20.32	—	—	9.40
	Wholly Owned Subsidiary	Sri Sai Home Care Products (P) Limited	0.87	—	—	—	0.19
	Relatives of Individual having Control	M.G. Santhakumari	—	5.18	—	—	—
		M.P. Divakaran	—	—	—	—	9.63
		M.P. Sidharthan	—	—	—	—	14.67
Sale of plant and machinery	Wholly Owned Subsidiary	Sri Sai Home Care Products (P) Limited	7.37	—	—	—	—
Purchase of intangible assets	Individual having Control	M.P. Ramachandran	—	—	—	—	10.00
Investment in shares	Joint venture company	Balaji Telebrands Limited	0.25	—	—	—	—
		Continental	0.05	—	—	—	—

Particulars	Nature of Relationship	Name of the Related Party	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)				
		Speciale (India) Pvt. Limited					
Dividend	Individual having Control	M.P. Ramachandran	43.76	43.76	10.50	—	8.75
	Relatives of Individual having Control	Others	15.49	15.49	3.72	—	3.10
	Enterprises in which relatives of Individual having Control are interested	Others	3.77	3.77	0.90	—	0.75
Sale of Finished Goods	Enterprises in which relatives of Individual having Control are interested	Beena Agencies	76.38	67.04	64.93	82.73	65.58
		Sree Guruvayurappan Agencies	58.15	48.14	50.34	60.40	47.04
		Sreehari Stock Suppliers	96.81	59.02	55.81	46.26	45.14
		Sujata Agencies	73.20	60.83	59.07	54.53	70.00
		Tamilnadu Distributors	47.85	42.97	47.65	46.55	61.07
		Quilon Trading Company	57.68	41.37	33.97	40.37	34.84
		Others	160.05	126.51	112.09	130.24	106.02
	Enterprises significantly influenced by key management personnel or their relatives	Sahyadri Agencies Ltd.	(0.12)	0.58	9.82	2.51	—
	Joint venture company	Balaji Telebrands Limited	0.02	—	—	—	—
Claim for reimbursement for Sale Promotion Expenses	Enterprises in which relatives of Individual having Control are interested	Sreehari Stock Suppliers	3.22	2.50	2.39	11.11	—
		Sujatha Agencies	1.55	1.84	1.79	18.79	—
		Tamilnadu Distributors	1.13	1.46	1.71	13.65	—
		Beena Agencies	0.74	0.67	1.62	7.82	—
		Others	2.98	1.75	3.01	20.38	—
	Enterprises significantly influenced by key management personnel or their relatives	Sahyadri Agencies Ltd.	0.01	0.16	0.07	—	—
Write off of old outstanding	Proprietor- Relative of Individual having control relatives are interested	Shanti Industries	—	—	0.28	—	—
Amounts receivable	Wholly owned Subsidiary Company	Sri Sai Home Care Products (P) Limited	60.20	35.12	43.88	53.36	48.78
	Enterprises significantly influenced by key management personnel or their ralatives	Sahyadri Agencies Ltd.	—	—	0.34	—	—
	Enterprises in which relatives of Individual having Control are interested	Beena Agencies	—	—	—	—	2.76
		Sree Guruvayurappan Agencies	—	—	—	—	2.18
		Quilon Trading Co.	—	—	—	—	3.12

Particulars	Nature of Relationship	Name of the Related Party	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
					(Amount INR Million)		
		Travancore Trading Corpn	—	—	—	—	0.62
		Emerald Packaging	—	—	—	—	0.10
		M.P.Agencies	—	—	—	—	2.55
		Sahyadri Agencies	—	—	—	—	1.30
		Sreehari Stock Suppliers	—	—	—	—	6.98
		Sujatha Agencies	—	—	—	—	17.04
		Tamilnadu Distributors	—	—	—	—	16.90
		Shanthi Industries	—	—	—	—	0.28
Amounts payable	Joint venture company	Balaji Telebrands Limited	4.50	—	—	—	—
	Individual having Control	M.P. Ramachandran	18.48	16.69	10.88	—	12.38
	Key Management Personnel	K. Ullas Kamath	6.49	5.30	3.76	—	2.16
	Relatives of Individual having Control	M P Divakaran	0.88	0.93	0.51	0.30	0.85
		M P Sidharthan	0.63	0.63	0.38	0.07	0.63
		M R Jyothy	0.62	0.57	0.34	—	0.57
		Others	1.05	1.05	0.63	—	5.13
	Enterprises in which relatives of Individual having Control are interested	Beena Agencies	1.56	1.79	2.04	4.55	—
		Quilon Trading Co.	0.28	1.33	0.28	1.58	—
		Travancore Trading Corpn	0.14	0.56	0.49	1.58	—
		Sree Guruvayurappan Agencies	0.30	1.59	1.83	1.28	—
		M.P.Agencies	0.78	1.51	0.78	0.75	—
		Sahyadri Agencies	0.18	0.60	0.09	0.57	—
		Sreehari Stock Suppliers	—	0.01	0.05	0.51	—
		Sujatha Agencies	—	0.17	0.14	0.17	—
		Tamilnadu Distributors	0.08	0.02	0.04	0.01	—
		Deepthy Agencies	3.46	2.44	1.94	1.99	0.08
		Others	0.75	0.75	0.45	—	0.75
	Enterprises significantly influenced by key management personnel or their relatives	Sahyadri Agencies Ltd.	0.62	0.49	—	0.04	—

$ As the managing director of the company is an individual having control and hence not seperately disclosed as a key management personnel.
# Director w.e.f. October 24, 2005
* Director upto June 7, 2007

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

Per Sudhir Soni
Partner
Membership No.: 41870

Mumbai
Date: September 7, 2007

For Jyothy Laboratories Limited

M.P. Ramachandran
Chairman and Managing Director

Mumbai
Date: September 7, 2007

Auditors' report
(as required by Part II of Schedule II to the Companies Act, 1956)

To
The Board of Directors
Jyothy Laboratories Limited
43, Shiv-shakti Industrial Estate,
Andheri-Kurla Road,
Marol, Andheri (East),
Mumbai—400 059.

Dear Sirs,

We have examined the consolidated financial information of Jyothy Laboratories Limited ('the Company') and its subsidiary, Sri Sai Home Care Products (P) Ltd. and the joint venture companies, Balaji Telebrands Limited and Continental Speciale (India) Private Limited (together referred to as 'the Group') as at June 30, 2007, June 30, 2006, June 30, 2005, June 30, 2004 and March 31, 2003, annexed to this report, prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:

a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') as amended to date,

c. the terms of our engagement agreed upon with you in accordance with our engagement letter dated May 26, 2007 in connection with the offer document being issued by the Company for its proposed Initial Public Offer; and

d. the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India ('ICAI').

This report is being issued for the purpose of incorporating the same in the offer document, to be issued by Jyothy Laboratories Limited in connection with the proposed offer for sale of equity shares by the shareholders.

Consolidated Financial information as per audited financial statements:

The consolidated financial information has been extracted by the management from the consolidated financial statements for the years / period ended June 30, 2007, June 30, 2006, June 30, 2005, June 30, 2004 and March 31, 2003 and approved by the Board of Directors.

We did not audit the financial statements of the subsidiary and the joint venture companies for the years/period ended June 30, 2007, June 30, 2006, June 30, 2005, June 30, 2004 and March 31, 2003 whose reports for the respective years have been furnished to us and our opinion in so far as it relates to the amounts included in these Summary Statement of Consolidated Assets and Liabilities, as restated, Summary Statement of Consolidated Profits and Losses, as restated and Summary Statement of Consolidated Cash Flows, as restated ('Consolidated Restated Financial Statements') are based solely on the report of the other auditors. The details of the auditors of the respective companies and the years / period for which the audited financials have been consolidated, including the total assets and total revenue of each entity consolidated is as described below:

Name of the Company	Year / Period ended	Audited by	Total assets	Total Revenue
			(Rs INR Million)	
Sri Sai Home Care Products (P) Ltd. (Subsidiary)	March 31, 2003	M/s Namboodiri Associates	42.60	85.40
	June 30, 2004	M/s Namboodiri Associates	52.80	95.90
	June 30, 2005	M/s Namboodiri Associates	42.99	110.00
	June 30, 2006	M/s Namboodiri Associates	40.01	73.68
	June 30, 2007	M/s Namboodiri Associates	73.45	80.20
Balaji Telebrands Limited (Joint Venture Company)	June 30, 2007	M/s A.R. Sodha & Co.	4.57	6.39
Continental Speciale (India) Private Limited	June 30, 2007	M/s Karvy & Co.	—	—

In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:

a) The Consolidated Restated Financial Statements of the Group, as at June 30, 2007, June 30, 2006, June 30, 2005, June 30, 2004 and March 31, 2003 examined by us, as set out in Annexure I, II and III to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Notes on adjustments for Consolidated Restated Financial Statements and Significant Accounting Policies for Consolidated Restated Financial Statements (Refer Annexure IV and IVA).

b) Based on our examination, we are of the opinion that the consolidated restated financial statements have been made after incorporating:

- the impact arising on account of changes in accounting policies adopted by the Company as at and for the year ended June 30, 2007 applied with retrospective effect in the consolidated restated financial statements;
- adjustments for the material amounts in the respective financial years to which they relate, except to the extent stated in note I-4 in Annexure IV;
- the qualifications and material adjustments relating to the relevant previous years / period.

c) There are no extraordinary items which need to be disclosed separately in the Consolidated Restated Financial Statements.

In our opinion, the consolidated financial information as disclosed in the annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure IV and IV A, and after making adjustments and re-groupings as considered appropriate and disclosed in Annexure IV, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Associates
Chartered Accountants

***Per* Sudhir Soni**
Partner
Membership No.: 41870

Place: Mumbai
Date: September 7, 2007

Annexure I : Summary Statement of Consolidated Assets and Liabilities, as restated

PARTICULARS	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
A. FIXED ASSETS					
Gross Block	1,388.78	1,102.99	979.73	779.21	681.77
Less: Accumulated depreciation and impairment loss	(311.72)	(258.77)	(209.93)	(125.78)	(76.06)
Net Block	**1,077.06**	**844.22**	**769.80**	**653.43**	**605.71**
Capital work in progress (including capital advances)	573.06	83.79	94.14	204.39	141.30
Total	**1,650.12**	**928.01**	**863.94**	**857.82**	**747.01**
B. INTANGIBLE ASSETS	**27.52**	**11.28**	**14.54**	**18.82**	**25.11**
C. INVESTMENTS	**9.16**	**9.16**	**18.16**	**23.06**	**26.31**
D. CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	414.14	249.60	198.54	217.46	193.91
Sundry debtors	407.36	323.72	334.10	261.10	570.88
Cash and bank balances	769.62	1,277.48	892.59	599.62	752.85
Other current assets—Sales promotion items	2.43	3.25	2.85	2.89	2.83
Loans and advances	142.56	99.43	189.08	178.42	192.97
Total	**1,736.11**	**1,953.48**	**1,617.16**	**1,259.49**	**1,713.44**
E. LIABILITIES AND PROVISIONS					
Secured loans	—	0.01	0.01	33.65	1,027.43
Unsecured loans	6.36	1.17	0.33	—	—
Current liabilities	390.39	237.43	279.97	211.02	253.75
Provisions	50.48	72.43	40.72	20.47	36.93
Deferred tax liability, net	60.62	52.66	20.46	4.91	37.83
Total	**507.85**	**363.70**	**341.49**	**270.05**	**1,355.94**
Net worth (A+B+C+D-E)	**2,915.06**	**2,538.23**	**2,172.31**	**1,889.14**	**1,155.93**
Net worth represented by					
F. Share capital	72.57	72.57	72.57	72.57	56.00
G. Reserves and surplus	2,843.25	2,465.66	2,099.74	1,816.57	1,099.93
H. Miscellaneous Expenditure (to the extent not written off or adjusted)	0.76	—	—	—	—
Net worth (F+G-H)	**2,915.06**	**2,538.23**	**2,172.31**	**1,889.14**	**1,155.93**

The above statement should be read with the notes on adjustments for consolidated restated financial statements and significant accounting policies as appearing in Annexure IV and IVA respectively.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

Per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: September 7, 2007

For Jyothy Laboratories Limited

M.P. Ramachandran
Chairman and Managing Director

Place: Mumbai
Date: September 7, 2007

Annexure II: Summary Statement of Consolidated Profits and Losses, as restated

PARTICULARS	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
INCOME					
Sales (gross)	4,338.31	3,663.01	3,175.52	3,463.34	3,142.61
Less: Sales tax recovered	(238.90)	(195.14)	(203.50)	(206.27)	(160.72)
Less: Excise duty recovered	(83.51)	(59.39)	(45.40)	(70.26)	(54.13)
Less: Trade discount	(397.02)	(389.15)	(273.14)	(242.86)	(99.25)
Net sales (refer note no. IV of annexure IV)	**3,618.88**	**3,019.33**	**2,653.48**	**2,943.95**	**2,828.51**
Other income	126.28	121.17	60.29	57.27	31.95
Total Income (A)	**3,745.16**	**3,140.50**	**2,713.77**	**3,001.22**	**2,860.46**
EXPENDITURE					
Materials consumed	1,928.09	1,425.32	1,359.81	1,665.65	1,453.22
(Increase)/Decrease in finished goods/work in progress	(31.54)	5.23	21.70	(56.63)	(6.96)
Employee costs	418.83	344.85	280.48	260.43	189.48
Operating and administrative expenses	432.64	420.22	320.61	429.78	329.62
Advertisement and publicity	292.64	266.91	292.34	487.54	519.08
Sales promotion and schemes	47.95	18.28	13.38	298.05	115.31
Provision for doubtful debts / Bad debts written off	0.73	75.66	31.09	3.48	1.22
Sub-total (B)	**3,089.34**	**2,556.47**	**2,319.41**	**3,088.30**	**2,600.97**
PROFIT BEFORE PRIOR PERIOD ITEM, EXCEPTIONAL ITEM, INTEREST, DEPRECIATION AND TAX (A-B)	**655.82**	**584.03**	**394.36**	**(87.08)**	**259.49**
Prior period item—Advertisement expenses	—	(28.50)	—	(24.94)	—
Prior period item—Trade discount expenses	—	(6.85)	—	—	—
Exceptional item—Provision for dimunition in investments	—	—	(60.00)	—	—
PROFIT BEFORE INTEREST,DEPRECIATION AND TAX	**655.82**	**548.68**	**334.36**	**(112.02)**	**259.49**
Interest and finance charges	1.79	1.47	0.80	20.08	21.74
Depreciation, amortisation and impairment	65.90	56.50	49.90	57.95	25.45
TOTAL	**67.69**	**57.97**	**50.70**	**78.03**	**47.19**
PROFIT BEFORE TAX	**588.13**	**490.71**	**283.66**	**(190.05)**	**212.30**
Provision for tax					
—Current tax (including short/excess provision for current tax of earlier years)	66.15	53.50	29.50	0.89	14.50
—Deferred tax	(2.60)	32.20	28.68	(32.92)	20.66
—Fringe benefit tax	10.14	5.73	1.80	—	—
—Wealth tax	0.27	0.43	0.11	0.13	0.14
TOTAL	**73.96**	**91.86**	**60.09**	**(31.90)**	**35.30**
NET PROFIT BEFORE ADJUSTMENTS	**514.17**	**398.85**	**223.57**	**(158.15)**	**177.00**
ADJUSTMENTS (refer note no. I-1 of annexure IV)	**(32.75)**	**67.05**	**109.14**	**(72.67)**	**(80.21)**
NET PROFIT, AS RESTATED	**481.42**	**465.90**	**332.71**	**(230.82)**	**96.79**
Profit and loss amount at the beginning of the year / period	107.04	44.57	(13.41)	217.41	296.41
Balance available for appropriation, as restated	**588.46**	**510.47**	**319.30**	**(13.41)**	**393.20**
APPROPRIATIONS					
Interim dividend	72.57	72.57	10.89	—	—
Tax on interim dividend	10.18	10.18	1.42	—	—
Proposed dividend	18.14	18.14	10.89	—	14.00
Tax on proposed dividend	3.08	2.54	1.53	—	1.79
Transfer to general reserve	400.00	300.00	250.00	—	160.00
TOTAL	**503.97**	**403.43**	**274.73**	**—**	**175.79**
BALANCE CARRIED FORWARD, AS RESTATED	**84.49**	**107.04**	**44.57**	**(13.41)**	**217.41**

The above statement should be read with the notes on adjustments for consolidated restated financial statements and significant accounting policies as appearing in Annexure IV and IVA respectively.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

Per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: September 7, 2007

For Jyothy Laboratories Limited

M.P. Ramachandran
Chairman and Managing Director

Place: Mumbai
Date: September 7, 2007

Annexure III : Statement of Consolidated Cash Flows, as restated

	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:					
Net profit / (loss) before taxation, as restated	**555.47**	**566.23**	**394.25**	**(263.62)**	**128.01**
Adjustments for:					
Depreciation, amortisation and impairment	65.90	56.50	49.90	57.95	29.81
(Profit) / Loss on discarded/sale of fixed assets, net	3.37	3.25	(0.82)	(0.24)	0.02
Provision for dimunition in the value of investments	—	—	5.00	3.24	55.00
(Profit) / Loss on sale of investment	—	(4.52)	—	—	0.97
Miscellaneous expenditure written off	0.05	—	—	—	—
Dividend received	(0.08)	(0.09)	(0.12)	(0.10)	(0.14)
Interest and finance charges	1.79	1.47	0.80	20.08	21.74
Interest income	(75.96)	(72.26)	(37.63)	(49.95)	(28.66)
Excess provision written back	—	(0.48)	(0.25)	(3.16)	—
Sundry advances written off (net of provision)	3.34	4.86	0.76	8.36	0.86
Provision for assets held for disposal	—	—	—	1.00	—
Provision for doubtful advances	—	—	3.59	28.55	—
Provision for doubtful debts / Bad debts written off	0.73	48.15	31.09	3.49	1.22
Operating profit / (loss) before working capital changes	**554.61**	**603.11**	**446.57**	**(194.40)**	**208.83**
Increase/Decrease in current assets, loans and advances					
Inventories (including sales promotion items)	(163.72)	(51.46)	18.96	(23.60)	(57.04)
Trade receivables	(84.37)	(37.77)	(104.09)	306.29	(314.53)
Loans and advances	(46.48)	81.88	(42.95)	(2.58)	(48.54)
Increase / (Decrease) in current liabilities / provisions	140.99	(36.75)	75.02	(40.23)	(32.32)
Cash generated from / (used in) operations	**401.03**	**559.01**	**393.51**	**45.48**	**(243.60)**
Taxes paid	(76.62)	(47.10)	(3.15)	(19.92)	(28.78)
Net cash generated from / (used in) operating activities	**324.41**	**511.91**	**390.36**	**25.56**	**(272.38)**
B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:					
Purchase of fixed assets (including capital work-in-progress and capital advances)	(819.55)	(123.48)	(95.23)	(165.06)	(195.18)
Receipt of investment subsidy	0.14	3.45	1.07	—	0.99
Proceeds from sale of fixed assets	11.94	2.93	5.54	1.84	1.53
Purchase of investments	—	—	(0.10)	—	—
Proceeds from sale of investments	—	13.52	—	—	19.03
Interest received	75.96	72.26	37.63	49.95	28.66
Dividend received	0.08	0.09	0.12	0.10	0.14
Net cash used in investing activities	**(731.43)**	**(31.23)**	**(50.97)**	**(113.17)**	**(144.83)**
C. CASH FLOWS PROVIDED BY / (USED IN) FINANCING ACTIVITIES:					
Borrowing / (Repayment) of loan funds	4.60	—	(33.64)	(28.78)	958.12
Preliminary expenses	(0.80)	—	—	—	—
Debenture issue expenses	—	—	—	(0.97)	(35.67)
Deferred sales tax loans	0.58	0.84	0.33	—	—
Interest and finance charges	(1.79)	(1.47)	(0.80)	(20.08)	(14.24)
Dividend paid	(90.71)	(83.45)	(10.89)	(14.00)	—
Dividend tax paid	(12.72)	(11.71)	(1.42)	(1.79)	—
Net cash provided by / (used in) financing activities	**(100.84)**	**(95.79)**	**(46.42)**	**(65.62)**	**908.21**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(507.86)	384.89	292.97	(153.23)	491.00
Cash and cash equivalents at beginning of year / period	1,277.48	892.59	599.62	752.85	261.85
Cash and cash equivalents at end of year / period	**769.62**	**1,277.48**	**892.59**	**599.62**	**752.85**
Components of cash and cash equivalents					
Cash in hand	2.15	1.27	0.94	2.01	2.85
Balance with scheduled banks—Current account	134.57	81.54	44.37	72.84	108.83
—Deposit account	632.90	1,194.67	847.28	524.77	641.17
	769.62	**1,277.48**	**892.59**	**599.62**	**752.85**

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

Per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: September 7, 2007

For Jyothy Laboratories Limited

M.P. Ramachandran
Chairman and Managing Director

Place: Mumbai
Date: September 7, 2007

Annexure IV

Notes on adjustments for Consolidated Restated Financial Statements

I. Notes on adjustments in Consolidated Restated Summary Statements pertaining to Parent Company, Jyothy Laboratories Limited

Listed below are the adjustments which have been made in the restated summary statements of consolidated profits and losses and consolidated assets and liabilities, to the extent they pertain to the parent company, Jyothy Laboratories Limited. Adjustments, which get eliminated on consolidation, have been excluded from the list of adjustments given below.

1. Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits / losses of the Company.

PARTICULARS	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
ADJUSTMENTS					
Impact of changes in accounting policies and estimates					
Diminution in the value of investments ...... (See note no. I-5(A) below)	—	—	55.00	—	(55.00)
Unspent liabilities written back.................. (See note no. I-2(c) below)	(5.15)	(4.85)	—	10.00	—
Bad debts recovered.................................. (See note no. I-2(b) below)	(27.51)	27.51	—	—	—
Depreciation (See note no. II-1 below)	—	—	—	—	(4.36)
Other adjustments					
Sales returns pertaining to year 2003-04..... (See note no. I-2(f) below)	—	—	80.00	(80.00)	—
Trade discount for year 2004-05................ (See note no. I-2(g) below)	—	17.54	(17.54)	—	—
Prior period items (See note no. I-2(a) below)					
Advertisement expenses.............................	—	28.50	—	(3.56)	(24.94)
Trade discount expenses	—	6.85	(6.85)	—	—
Sub Total..	**(32.66)**	**75.55**	**110.61**	**(73.56)**	**(84.30)**
Tax Impact of Adjustments......................... (See note no. I-2(d) and I-2(e) below)	11.01	(8.50)	(8.70)	—	3.78
(Short) / Excess provision for current tax and deferred tax..................................... (See note no. I-2(d) below)	(11.10)	—	7.23	0.89	0.31
Total	**(32.75)**	**67.05**	**109.14**	**(72.67)**	**(80.21)**

2. Other Adjustments

a) Prior period items

In the consolidated financial statements for the year / period ended June 30, 2006 and June 30, 2004, certain items of expenses have been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted in the respective years.

b) Bad debts recovered

Debts, which were considered doubtful and written off in the year ended June 30, 2006 and which have been subsequently recovered, have been adjusted in the year when such debts were originally written off. Accordingly, adjustments have been made to the summary statement of consolidated profits and losses, as restated, for the years ended June 30, 2007 and June 30, 2006.

c) Unspent liabilities written back

In the consolidated financial statements for the years ended June 30, 2007 and 2006, liabilities created in earlier years were written back. For the purpose of this statement, the said liabilities, wherever required, have been appropriately adjusted in the consolidated financial statements for the year / period ended June 30, 2006 and 2004 respectively.

d) (Short) / Excess provision for current tax and deferred tax

The profit and loss account of some years includes amounts paid/provided for or written back, in respect of shortfall/excess income tax and deferred tax arising out of assessments, appeals etc. which has now been adjusted in the respective years. Also, income tax (current tax and deferred tax) has been computed on adjustments made as detailed above and has been adjusted in the restated profits and losses for the years/periods ended June 30, 2007, 2006, 2005, 2004 and March 31, 2003. The effect of adjustments relating to financial years ending prior to March 31, 2003 has been adjusted against the Accumulated Profit and Loss balance as at April 1, 2002.

e) Tax effect of debentures issue expenses adjusted directly against Share Premium Account

The Company had during the year ended March 31, 2003, incurred expenses on issue of debentures and write-off of these expenses is being adjusted against the Share Premium Account, as per practice followed. Pursuant to recent clarification dated September 5, 2005 by the Institute of Chartered Accountants of India (‘ICAI’), on tax effect of expenses adjusted against the reserves, the amount of above proportionate write-off has now been adjusted net of income tax against the Share Premium Account.

f) Sales returns

During the year ended June 30, 2005, the Company had initiated voluntary withdrawal of one of its product. Consequently, on / after the year end, the Company had issued credit notes aggregating Rs 80.00 million for returns pertaining to sales of this product made in the period ended June 30, 2004, which has been netted off from sales. Accordingly, adjustments have been made in the summary statements of consolidated profits and losses, as restated, for the year/period ended June 30, 2005 and 2004.

g) Trade discounts

During the year ended June 30, 2006, the Company had accounted claims for trade discount of Rs 17.54 million determined based on sales made during the year ended June 30, 2005. For the purpose of this statement, the said expense has been appropriately adjusted in the respective year in which sales were made. Accordingly, adjustments have been made to the summary statement of consolidated profits and losses, as restated, for the years ended June 30, 2006 and 2005.

3. Material regroupings

Intangible Assets

The provision relating to Intangible Assets as per Accounting Standard 26 on Intangible Assets (‘AS-26’) issued by the ICAI became mandatory for the Company from April 1, 2003. For the purpose of this statement, AS-26 has been applied for the year ended March 31, 2003, as if it was applicable since then. Accordingly, the Company has capitalized the amount of additions made to software development under the Intangible Assets in the accounts for the year ended March 31, 2003. Due to above change, there was no impact on the profit of the Company.

However for the purpose of regrouping of restated profit and loss and restated assets and liabilities, the standard has been applied retrospectively.

4. Non-adjustments

Impairment of assets

The Company adopted Accounting Standard 28, (AS-28)—Impairment of Assets, that became effective from April 1, 2004, as issued and required by the ICAI for the first time in preparing the consolidated financial statements for the year ended June 30, 2005. Accordingly, the Company provided Rs 39.00 million for the impairment losses representing the amount by which the carrying amount of the asset exceeds its recoverable amount. Such impairment losses were due to adverse market conditions for one of its Cash Generating Unit pertaining to the ‘Soaps and Detergents’ segment. In accordance with the transitional provisions of AS-28, the

Company recorded the accumulated impairment loss of Rs 25.87 million (net of deferred tax credit of Rs 13.13 million) as an adjustment to the general reserves.

For the purpose of this statement, AS 28 has not been applied for the period/year ended June 30, 2004 and March 31, 2003 as the same was not applicable in those years.

5. Auditors' Qualifications:

A. Financial year ended June 30, 2004 and March 31, 2003

The Company had made an investment of Rs 71.36 million in the equity share capital of Sri Adhikari Brothers Limited ('SAB') in year 2000-01. The market value as on March 31, 2003 was Rs 16.18 million. The diminution in the value of investment had not been provided in the accompanying consolidated financial statements. The management was of the opinion that the investments were strategic and long term in nature and the diminution in the value of investments was temporary. In year 2004-05, considering the trend of market value, the management has provided Rs 60.43 million for diminution in value of investment.

The statutory auditors have qualified their opinion on the consolidated financial statements for the year / period ended March 31, 2003 and June 30, 2004 on account of non-provision for diminution in value of investment, which was not in accordance with the Accounting Standard 13, "Accounting for Investments" issued by the ICAI. Accordingly, adjustments are made to the summary statement of consolidated profits and losses, as restated for the years / period ended March 31, 2003 and June 30, 2004 and 2005.

II. Notes on adjustments in Consolidated Restated Summary Statements pertaining to Subsidiary Company, Sri Sai Home Care Products (P) Ltd.

Listed below are the adjustments which have been made in the restated summary statements of consolidated profits and losses and consolidated assets and liabilities, to the extent they pertain to the subsidiary company, Sri Sai Home Care Products (P) Ltd. Adjustments, which get eliminated on consolidation, have been excluded from the list of adjustments given below.

1. Change in Accounting Policies

Depreciation

During the year ended March 31, 2003, the Subsidiary Company had changed the method of providing depreciation on fixed assets from written down value method to straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Consequently a sum of Rs 4.36 million was written back during the year ended March 31, 2003 pertaining to earlier years and accordingly, the said depreciation charge pertaining to period prior to April 1, 2002 has been adjusted against brought forward profits as at April 1, 2002.

For and upto the year ended March 31, 2002, the Subsidiary Company had been providing depreciation on its fixed assets on written down value ('WDV') method based on the rates specified under Schedule XIV to the Act. Effective April 1, 2002, the Subsidiary Company revised its depreciation policy to depreciate its fixed assets based on the estimated useful lives of the fixed assets or at the SLM rates specified in Schedule XIV to the Act, whichever is higher.

Accordingly, the depreciation on fixed assets has been recomputed based on the revised estimated useful lives for the years ended March 31, 2003. Further, the Accumulated Profit and Loss balance as at April 1, 2002 has been appropriately adjusted to reflect the impact of changes pertaining to prior years till March 31, 2002.

III. Reconciliation of Profit and Loss balance as on April 1, 2002

	(Amount INR Million)
Profit and loss account as at April 1, 2002 (Audited)	299.94
Depreciation (See note no. II-1 above)	4.36
Short/ (Excess) provision for current tax of earlier years (See note no. I-2(d) above)	(7.89)
Profit and loss account as at April 1, 2002 (Restated)	296.41

IV. Details of Sales, as restated

Sales, net	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
	(Amount INR Million)				
Sale of company's branded products:					
a) Manufactured at own facility	2,203.15	1,854.30	1,639.91	1,810.46	1,805.03
b) Procured under contract manufacturing arrangements	1,332.31	1,104.44	1,013.57	1,133.11	1,021.80
Sale of other traded products	83.42	60.59	—	0.38	1.68
As per audited financials	3,618.88	3,019.33	2,653.48	2,943.95	2,828.51
Adjustments Sales returns pertaining to year 2003-04 (See note no. I-2(f) above)	—	—	80.00	(80.00)	—
Trade discount for year 2004-05 (See note no. I-2(g) above)	—	17.54	(17.54)	—	—
Prior period item: Trade discount expenses (See note no. I-2(a) above)	—	6.85	(6.85)	—	—
Total	—	24.39	55.61	(80.00)	—
Restated after adjustments	3,618.88	3,043.72	2,709.09	2,863.95	2,828.51

V. Schedules to Summary Statement of Consolidated Assets and Liabilities, as restated

SHARE CAPITAL	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
	(Amount INR Million)				
Share capital					
Equity shares					
Authorised capital	100.00	100.00	100.00	100.00	100.00
Number of shares (in Nos.)	20,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Equity shares					
Issued, subscribed and paid-up	72.57	72.57	72.57	72.57	56.00
Number of shares (in Nos.)	14,513,760	7,256,880	7,256,880	7,256,880	5,600,000
Total	**72.57**	**72.57**	**72.57**	**72.57**	**56.00**

Note: During the year ended June 30, 2007, as per approval by the shareholders in the Extra—Ordinary General Meeting held, every equity share having face value of Rs 10 per share was sub-divided into 2 shares of Rs 5 per share of face value.

RESERVES AND SURPLUS	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
	(Amount INR Million)				
Share premium	1,068.12	1,068.12	1,068.12	1,068.12	120.66
Capital redemption reserve	—	—	—	—	1.85
Investment subsidy	6.73	6.59	3.14	2.08	2.08
General reserves	1,683.91	1,283.91	983.91	759.78	757.93
Less: Debit balance in profit and loss account	—	—	—	(13.41)	—
	1,683.91	1,283.91	983.91	746.37	757.93
Balance in profit and loss account	84.49	107.04	44.57	—	217.41
	2,843.25	**2,465.66**	**2,099.74**	**1,816.57**	**1,099.93**

SECURED LOANS	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Cash credit from bank*..........	—	—	—	33.65	62.43
Term loan from bank#...........	—	0.01	0.01	—	—
2 % Fully convertible debentures $.....................	—	—	—	—	965.00
	—	**0.01**	**0.01**	**33.65**	**1,027.43**

\# Term loan from bank is secured against first charge on standing crops on land, receivables, investments and other movable assets

* The cash credit from bank is secured against fixed deposits and a first charge on inventory, book debts, plant and machinery, furniture and fixtures and other movable assets.

$ 2 % Fully convertible debentures are secured by second charge by way of hypothecation of land, building and plant and machinery.

UNSECURED LOANS	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Deferred sales tax loan..........	1.75	1.17	0.33	—	—
Loan from Director................	4.61	—	—	—	—
	6.36	**1.17**	**0.33**	**—**	**—**

DEFERRED TAX LIABILITY, Net	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
a) Deferred tax liability					
Depreciation..................................	92.14	89.82	78.69	68.09	49.55
	92.14	89.82	78.69	68.09	49.55
b) Deferred tax assets					
Technical royalty	1.16	1.54	2.05	2.77	4.09
Gratuity...	4.16	8.71	7.54	6.55	7.19
Provision for doubtful debts...........	0.51	0.26	11.64	1.72	0.44
Provision for doubtful advances	0.68	1.46	10.82	10.37	—
Provision for leave encashment	2.54	2.16	1.26	—	—
Provision for impairment losses.....	14.62	13.13	13.13	—	—
Provision for assets held for disposal....................................	—	—	—	0.36	—
Provision for dimunition in Investments	—	—	—	1.19	—
Business Loss................................	7.80	9.90	11.52	40.13	—
Others..	0.05	—	0.27	0.09	—
	31.52	37.16	58.23	63.18	11.72
	60.62	**52.66**	**20.46**	**4.91**	**37.83**

Fixed Assets

Particulars	Freehold land	Leasehold land	Building	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
					(Amount INR Million)				
Gross Block as at April 1, 2002	**22.47**	**4.47**	**187.24**	**154.83**	**10.75**	**5.71**	**11.76**	**15.84**	**413.07**
Additions during the year	28.98	3.17	95.91	109.39	7.23	6.22	11.23	8.53	270.66

Particulars	Freehold land	Leasehold land	Building	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
				(Amount INR Million)					
Disposals during the year	—	—	—	—	—	—	—	1.96	1.96
Gross Block as at March 31, 2003	**51.45**	**7.64**	**283.15**	**264.22**	**17.98**	**11.93**	**22.99**	**22.41**	**681.77**
Depreciation									
Accumulated Depreciation as at April 1, 2002	**—**	**—**	**14.32**	**19.34**	**10.75**	**0.74**	**2.23**	**2.74**	**50.12**
Charge for the year	—	0.27	8.09	11.69	1.73	0.62	2.11	1.83	26.34
Adjustments for disposals during the year	—	—	—	—	—	—	—	0.40	0.40
Accumulated Depreciation as at March 31, 2003	**—**	**0.27**	**22.41**	**31.03**	**12.48**	**1.36**	**4.34**	**4.17**	**76.06**
Net Block as at March 31, 2003	**51.45**	**7.37**	**260.74**	**233.19**	**5.50**	**10.57**	**18.65**	**18.24**	**605.71**
Gross Block as at April 1, 2003.........	**51.45**	**7.64**	**283.15**	**264.22**	**17.98**	**11.93**	**22.99**	**22.41**	**681.77**
Additions during the period	—	—	44.44	35.60	5.54	1.99	5.64	8.76	101.97
Disposals during the period	—	—	—	0.47	—	—	—	4.06	4.53
Gross Block as at June 30, 2004.........	**51.45**	**7.64**	**327.59**	**299.35**	**23.52**	**13.92**	**28.63**	**27.11**	**779.21**
Depreciation									
Accumulated Depreciation as at April 1, 2003.........	**—**	**0.27**	**22.41**	**31.03**	**12.48**	**1.36**	**4.34**	**4.17**	**76.06**
Charge for the period .	—	0.12	11.87	24.27	6.37	1.40	4.27	3.37	51.67
Adjustments for disposals during the	—	—	—	0.04	—	—	—	1.91	1.95

Particulars	Freehold land	Leasehold land	Building	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
				(Amount INR Million)					
period									
Accumulated Depreciation as at June 30, 2004.........	**—**	**0.39**	**34.28**	**55.26**	**18.85**	**2.76**	**8.61**	**5.63**	**125.78**
Net Block as at June 30, 2004.........	**51.45**	**7.25**	**293.31**	**244.09**	**4.67**	**11.16**	**20.02**	**21.48**	**653.43**

Fixed Assets

Particulars	Freehold land	Leasehold land	Building	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
				(Amount INR Million)					
Gross Block as at July 1, 2004	**51.45**	**7.64**	**327.59**	**299.35**	**23.52**	**13.92**	**28.63**	**27.11**	**779.21**
Additions during the year............	0.61	—	77.10	108.18	1.73	9.33	3.55	4.98	205.48
Disposals during the year............	—	0.05	—	4.10	—	—	0.07	0.74	4.96
Gross Block as at June 30, 2005...........	**52.06**	**7.59**	**404.69**	**403.43**	**25.25**	**23.25**	**32.11**	**31.35**	**979.73**
Depreciation									
Accumulated Depreciation as at July 1, 2004	**—**	**0.39**	**34.28**	**55.26**	**18.85**	**2.76**	**8.61**	**5.63**	**125.78**
Charge for the year............	—	0.07	11.48	21.83	4.50	1.14	3.77	2.84	45.63
Impairment loss for the year............	—	1.03	14.34	21.50	—	0.52	1.26	0.35	39.00
Adjustments for disposals during the year............	—	—	—	0.28	—	—	0.04	0.16	0.48
Accumulated Depreciation and Impairment loss as at June 30, 2005...........	**—**	**1.49**	**60.10**	**98.31**	**23.35**	**4.42**	**13.60**	**8.66**	**209.93**
Net Block as at June 30, 2005...........	**52.06**	**6.10**	**344.59**	**305.12**	**1.90**	**18.83**	**18.51**	**22.69**	**769.80**

Particulars	Freehold land	Leasehold land	Building	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
				(Amount INR Million)					
Gross Block as at July 1, 2005	**52.06**	**7.59**	**404.69**	**403.43**	**25.25**	**23.25**	**32.11**	**31.35**	**979.73**
Additions during the year	2.23	—	62.61	50.26	3.84	1.24	5.88	7.47	133.53
Disposals during the year	—	—	—	3.23	—	0.10	1.20	5.74	10.27
Gross Block as at June 30, 2006	**54.29**	**7.59**	**467.30**	**450.46**	**29.09**	**24.39**	**36.79**	**33.08**	**1,102.99**
Depreciation									
Accumulated Depreciation as at July 1, 2005	**—**	**0.46**	**45.76**	**76.81**	**23.35**	**3.90**	**12.34**	**8.31**	**170.93**
Charge for the year	—	0.12	14.49	26.01	3.45	1.63	4.13	3.10	52.93
Adjustments for disposals during the year	—	—	—	0.94	—	0.06	0.88	2.21	4.09
Accumulated Depreciation as at June 30, 2006	**—**	**0.58**	**60.25**	**101.88**	**26.80**	**5.47**	**15.59**	**9.20**	**219.77**
Impairment									
Impairment as at July 1, 2005	**—**	**1.03**	**14.34**	**21.50**	**—**	**0.52**	**1.26**	**0.35**	**39.00**
Charge for the year	—	—	—	—	—	—	—	—	—
Impairment as at June 30, 2006	**—**	**1.03**	**14.34**	**21.50**	**—**	**0.52**	**1.26**	**0.35**	**39.00**
Net Block as at June 30, 2006	**54.29**	**5.98**	**392.71**	**327.08**	**2.29**	**18.40**	**19.94**	**23.53**	**844.22**

Fixed Assets

Particulars	Freehold land (Refer Note 1)	Leasehold land	Building (Refer Note 2)	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
				(Amount INR Million)					
Gross Block as at	**54.29**	**7.59**	**467.30**	**450.46**	**29.09**	**24.39**	**36.79**	**33.08**	**1,102.99**

Particulars	Freehold land (Refer Note 1)	Leasehold land	Building (Refer Note 2)	Plant and machinery	Dies and moulds	Furniture and fixture	Office equipments	Vehicle	Total
				(Amount INR Million)					
July 1, 2006									
Additions during the year	135.14	20.29	57.85	80.48	1.47	4.85	5.17	5.56	310.81
Disposals during the year	5.54	—	—	14.52	4.18	0.06	0.36	0.36	25.02
Gross Block as at June 30, 2007	**183.89**	**27.88**	**525.15**	**516.42**	**26.38**	**29.18**	**41.60**	**38.28**	**1,388.78**
Depreciation									
Accumulated Depreciation as at July 1, 2006	**—**	**0.58**	**60.25**	**101.88**	**26.80**	**5.47**	**15.59**	**9.20**	**219.77**
Charge for the year.....	—	0.26	14.34	30.83	2.88	1.95	4.82	3.58	58.66
Adjustments for disposals during the year	—	—	—	5.09	4.18	0.04	0.29	0.11	9.71
Accumulated Depreciation as at June 30, 2007	**—**	**0.84**	**74.59**	**127.62**	**25.50**	**7.38**	**20.12**	**12.67**	**268.72**
Impairment									
Impairment as at July 1, 2006	**—**	**1.03**	**14.34**	**21.50**	**—**	**0.52**	**1.26**	**0.35**	**39.00**
Charge for the year.....	—	—	—	4.00	—	—	—	—	4.00
Impairment as at June 30, 2007	**—**	**1.03**	**14.34**	**25.50**	**—**	**0.52**	**1.26**	**0.35**	**43.00**
Net Block as at June 30, 2007	**183.89**	**26.01**	**436.22**	**363.30**	**0.88**	**21.28**	**20.22**	**25.26**	**1,077.06**

Note

1) Includes land acquired from customer at agreed value of Rs 1.00 against recovery of dues and is held for disposal. (Also refer note under sundry debtors schedule)
2) Includes flats acquired from customer at agreed value of Rs 19.50 against recovery of dues and is held for disposal.

INVESTMENTS (Long term, at cost)	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Non Trade Investments (Quoted)					
Investment in Shares					
Contech Soft Limited	1.18	1.18	1.18	1.18	1.18
Infosys Technologies Ltd	—	—	0.86	0.86	0.86
Punjab Tractor	—	—	0.71	0.71	0.71
Zee Telefilm Ltd	—	—	1.54	1.54	1.54
Shri Adhikari Brothers Ltd	70.85	70.85	71.36	71.36	71.36
MTNL	—	—	1.09	1.09	1.09
Satyam Computers Ltd	—	—	0.32	0.32	0.32
Wipro Ltd	—	—	0.31	0.31	0.31
Sab Nife Power Ltd	—	—	1.14	1.14	1.14
Tata Motors Ltd	—	—	2.26	2.26	2.26
Mphasis-BFL SW Ltd	—	—	0.51	0.51	0.51
Sub Total	**72.03**	**72.03**	**81.28**	**81.28**	**81.28**
Less: Provision for dimunition in the value of investments	(63.00)	(63.00)	(63.25)	(58.25)	(55.00)
Total	**9.03**	**9.03**	**18.03**	**23.03**	**26.28**
National Saving Certificates	0.13	0.13	0.13	0.03	0.03
	9.16	**9.16**	**18.16**	**23.06**	**26.31**
Market value of quoted shares	12.00	9.06	19.73	13.26	9.67

INVENTORIES	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Raw and packing materials (including goods in-transit)	135.09	107.21	90.07	92.87	139.27
Work in progress	7.16	7.96	9.10	3.08	6.19
Finished goods (including goods in-transit)	255.43	118.18	90.31	115.18	44.06
Stores and spare parts	16.46	16.25	9.06	6.33	4.39
	414.14	**249.60**	**198.54**	**217.46**	**193.91**

SUNDRY DEBTORS	As at June 30, 2007 (refer note)	As at June 30, 2006 (refer note)	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Secured, considered good					
Outstanding for more than six months	13.26	13.26	—	—	—
Unsecured					
a) Outstanding for more than six months					
Considered good	1.81	29.32	—	0.57	3.36
Considered doubtful	1.51	0.78	4.58	3.49	1.22
Less: Provision for doubtful debts	(1.51)	(0.78)	(4.58)	(3.49)	(1.22)
	1.81	29.32	—	0.57	3.36
b) Other debts					
Considered good	392.29	281.14	334.10	260.53	567.52
Considered doubtful	—	—	30.00	—	—
Less: Provision for doubtful debts	—	—	(30.00)	—	—
	392.29	281.14	334.10	260.53	567.52

SUNDRY DEBTORS	As at June 30, 2007 (refer note)	As at June 30, 2006 (refer note)	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
	407.36	**323.72**	**334.10**	**261.10**	**570.88**

Note:

Sundry debtors include receivables of Rs 15.07 from a customer with whom transactions has been discontinued during the year 2005-06. Of the total outstanding, Rs 13.26 is considered as secured against the market value of land acquired from the customer. (Refer note under fixed assets schedule)

JYOTHY LABORATORIES LIMITED

Schedules to Summary Statement of Consolidated Assets and Liabilities, as restated

CASH AND BANK BALANCES	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Cash in hand	2.15	1.27	0.94	2.01	2.85
Balance with scheduled banks—Current account	134.57	81.54	44.37	72.84	108.83
—Deposit account	632.90	1,194.67	847.28	524.77	641.17
	769.62	**1,277.48**	**892.59**	**599.62**	**752.85**

LOANS AND ADVANCES	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Unsecured, considered good					
Deposits	16.91	13.55	11.47	11.25	9.51
Advances recoverable in cash or in kind	47.50	20.99	10.95	7.56	34.66
Quantity discount receivable	7.11	5.52	5.05	10.64	34.28
Advance to suppliers	51.87	41.29	136.25	107.71	91.26
Balance with excise authorities	12.27	13.72	17.77	7.23	8.15
Staff loans	6.90	4.35	4.19	2.69	3.55
Advance tax (net of provisions)	—	0.01	3.40	31.34	11.56
	142.56	99.43	189.08	178.42	192.97
Unsecured and considered doubtful					
Advance to suppliers	2.00	2.53	31.33	27.65	—
Loans to employees	—	—	0.81	0.81	—
Less: Provision for doubtful advances/ loans	(2.00)	(2.53)	(32.14)	(28.46)	—
	142.56	**99.43**	**189.08**	**178.42**	**192.97**

CURRENT LIABILITIES	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Sundry creditors	129.68	59.77	77.36	80.17	136.71
Other current liabilities	239.57	160.13	186.01	108.79	112.03
Security deposits	3.82	5.03	5.06	6.30	4.26
Advances from customers	17.32	12.50	11.54	15.76	0.75
	390.39	**237.43**	**279.97**	**211.02**	**253.75**

CASH AND BANK BALANCES	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		

PROVISIONS	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Proposed dividend	18.14	18.14	10.88	—	14.00
Dividend tax on proposed dividend	3.08	2.54	1.53	—	1.79
Provision for gratuity	12.70	25.89	22.51	18.27	20.00
Provision for leave encashment	7.53	6.31	3.89	2.07	1.00
Provision for wealth tax	0.43	0.43	0.11	0.13	0.14
Provision for income tax (net of advance tax)	6.86	17.62	—	—	—
Provision for fringe benefit tax	1.74	1.50	1.80	—	—
	50.48	**72.43**	**40.72**	**20.47**	**36.93**

MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Miscellaneous expenditure	0.76	—	—	—	—
	0.76	**—**	**—**	**—**	**—**

VI. Schedules to Summary Statement of Consolidated Profits and Losses, as restated

SALES, net	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
Sale of company's branded products:					
a) Manufactured at own facility	2,203.15	1,854.30	1,639.91	1,810.46	1,805.03
b) Procured under contract manufacturing arrangements	1,332.31	1,104.44	1,013.57	1,133.11	1,021.80
Sale of other traded products	83.42	60.59	—	0.38	1.68
	3,618.88	**3,019.33**	**2,653.48**	**2,943.95**	**2,828.51**

OTHER INCOME	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
Dividend received	0.08	0.09	0.12	0.10	0.14
Interest on fixed deposit	75.96	72.26	37.63	49.95	28.66
Export incentives	0.07	3.07	1.80	1.43	0.58
Processing income	—	7.25	8.43	—	—
Profit on sale of investments	—	4.52	—	—	—
Excess provision written back	5.15	10.48	0.25	3.16	—
Sales tax incentives	11.53	13.43	6.31	—	—
Bad debts recovered	27.51	—	—	—	—
Credit balances written back	—	3.50	2.40	—	—
Profit on sale of fixed assets (net)	—	—	0.82	0.24	—
Lease rent income	—	—	—	0.90	1.20
Miscellaneous income	5.98	6.57	2.53	1.49	1.37
	126.28	**121.17**	**60.29**	**57.27**	**31.95**

MATERIAL CONSUMED		Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
		(Amount INR Million)				
Raw and packing materials consumed						
Opening stock		107.21	90.07	92.87	139.27	94.87
Add: Cost of purchases (including freight, net of freight subsidy)		771.31	582.72	528.22	652.28	723.94
		878.52	672.79	621.09	791.55	818.81
Less: Closing stock		(135.09)	(107.21)	(90.07)	(92.87)	(139.27)
	(a)	**743.43**	**565.58**	**531.02**	**698.68**	**679.54**
Cost of trading goods *						
Opening stock		72.67	42.52	40.21	24.81	8.63
Add: Cost of purchases		1,191.88	863.21	784.60	939.56	758.32
		1,264.55	905.73	824.81	964.37	766.95
Less: Closing stock		(178.78)	(72.67)	(42.52)	(40.21)	(24.81)
	(b)	**1,085.77**	**833.06**	**782.29**	**924.16**	**742.14**
Provision for free products under sales promotion scheme	**(c)**	**61.01**	**—**	**—**	**—**	**—**
	(A) (a+b+c)	**1,890.21**	**1,398.64**	**1,313.31**	**1,622.84**	**1,421.68**
Excise Duty	**(B)**	**37.88**	**26.68**	**46.50**	**42.81**	**31.54**
Total (A+B)		**1,928.09**	**1,425.32**	**1,359.81**	**1,665.65**	**1,453.22**

* Including cost of Company's branded products procured under contract manufacturing arrangements.

(INCREASE)/DECREASE IN FINISHED GOODS/WORK IN PROGRESS		Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
		(Amount INR Million)				
(Increase)/ decrease in inventories						
Closing stock						
Finished goods		76.65	45.51	47.79	67.24	19.25
Work in progress		7.16	7.96	9.10	10.81	6.19
		83.81	53.47	56.89	78.05	25.44
Opening stock						
Finished goods		45.51	47.79	67.24	19.25	13.27
Work in progress		7.96	9.10	10.81	6.19	6.55
		53.47	56.89	78.05	25.44	19.82
	(A)	**(30.34)**	**3.42**	**21.16**	**(52.61)**	**(5.62)**
(Increase)/ decrease in excise duty						
Excise duty on closing stock		4.30	3.10	4.91	5.45	1.43
Excise duty on opening stock		3.10	4.91	5.45	1.43	0.09
	(B)	**(1.20)**	**1.81**	**0.54**	**(4.02)**	**(1.34)**
Total (A+B)		**(31.54)**	**5.23**	**21.70**	**(56.63)**	**(6.96)**

JYOTHY LABORATORIES LIMITED
Schedules to Summary Statement of Consolidated Profits and Losses, as restated

EMPLOYEE COSTS	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
Salaries, wages and bonus	295.99	227.58	190.97	186.08	125.62
Contribution to provident and other funds	28.20	18.19	15.52	18.68	16.75
Gratuity	14.99	4.35	5.54	—	5.59
Staff welfare expenses	21.04	31.03	26.99	33.80	14.73
Directors' remuneration	22.94	22.42	20.10	13.50	13.30
Commission to directors	16.82	13.84	9.39	—	6.92
Field staff incentives	18.85	27.44	11.97	8.37	6.57
	418.83	**344.85**	**280.48**	**260.43**	**189.48**

OPERATING AND OTHER EXPENSES	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
Conversion charges	6.32	7.75	14.44	47.81	65.80
Power and fuel expenses	74.31	56.42	41.85	40.17	19.07
Rent	19.84	13.73	11.11	12.45	7.77
Insurance	2.14	1.51	1.53	1.75	1.24
Repairs and maintenance					
—Building	3.38	3.65	3.27	2.86	2.35
—Plant and machinery	30.96	21.05	12.96	15.33	16.07
—Others	6.59	7.77	6.55	10.45	1.90
Research and development	1.90	0.85	1.09	0.64	1.00
Printing and stationery	4.49	3.47	2.25	3.33	3.82
Communication costs	10.38	9.01	9.76	11.95	8.39
Legal and professional fees	38.17	83.70	19.02	24.97	27.45
Rates and taxes	24.61	49.38	52.08	50.09	49.20
Directors' sitting fees	0.15	0.15	0.13	—	—
Vehicle maintenance	7.39	7.67	5.99	11.44	12.26
Donation	0.41	0.37	1.82	0.50	0.48
Loss on discarded/sale of fixed assets, net	3.37	3.25	—	—	0.02
Provision for assets held for disposal	—	—	—	1.00	—
Provision for doubtful advances	—	—	3.59	28.55	—
Provision for dimunition in value of investments	—	—	—	3.24	—
Sundry advances written off	3.34	4.86	0.76	8.36	0.85
Exchange loss, net	1.41	0.11	0.34	0.24	0.13
Carriage outwards (net of freight subsidy)	70.32	50.36	31.56	41.44	25.13
Field staff expenses	69.79	43.50	44.46	65.28	53.50
Traveling and conveyance	19.60	17.63	15.94	16.70	12.73
Brokerage on sales	8.72	8.01	9.21	6.04	2.98
Loss on sale of investments	—	—	—	—	0.97
Debenture / Share issue expenses	—	—	—	0.97	35.67
Less: Amount adjusted against share premium account	—	—	—	(0.97)	(35.67)
Miscellaneous expenses	25.05	26.02	30.90	25.19	16.51
	432.64	**420.22**	**320.61**	**429.78**	**329.62**

INTEREST AND FINANCE CHARGES	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005	Fifteen months ended June 30, 2004	Year ended March 31, 2003
			(Amount INR Million)		
Interest expense	0.77	0.29	—	9.19	10.14
Bank charges and commission	1.02	1.18	0.80	1.24	1.71
Interest on debentures	—	—	—	9.65	9.89
	1.79	**1.47**	**0.80**	**20.08**	**21.74**

CONTINGENT LIABILITIES	As at June 30, 2007	As at June 30, 2006	As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
			(Amount INR Million)		
Contingent liabilities not provided for in respect of:					
(i) Amount outstanding in respect of guarantees given by the Company to banks	3.17	2.95	2.67	—	—
(ii) Tax matters					
(a) Disputed liability in respect of income-tax demands—matters under appeal	5.92	1.65	2.17	4.89	13.99
(b) Disputed sales tax demands–matters under appeal	53.58	21.66	2.51	0.36	7.49
(c) Disputed excise duty and service tax demand—matter under appeal	2.39	0.43	1.85	—	—
(iii) Claims against the Company not acknowledged as debt	12.00	12.00	—	—	26.21
	77.06	**38.69**	**9.20**	**5.25**	**47.69**

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

Per Sudhir Soni
Partner
Membership No.: 41870

Mumbai
Date: September 7, 2007

For Jyothy Laboratories Limited

M.P. Ramachandran
Chairman and Managing Director

Mumbai
Date: September 7, 2007

Annexure IVA: Significant Accounting Policies for Consolidated Restated Financial Statements

a) Basis of preparation

The financial statements of the Group are prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

The consolidated financial statements of the Group have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits / losses on intra-group transactions.

b) Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Cost of shares of Co-operative society has been added to the cost of office building. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

d) Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

The estimated useful life of the assets is as follows:

Category	Estimated useful life (in years)
Buildings	30-60
Plant and machinery	3-21
Electrical installations	20
Furniture and fixtures	12
Dies and moulds	1-3
Computers	6
Office equipments	20
Vehicles	8-10
Trademarks and Copyrights	9-10

Leasehold land is amortised over the period of the lease on a straight-line basis. The Goodwill purchased will be tested for impairment purposes every year.

e) Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceed its recoverable amount The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

iii. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

f) Operating Leases

Lease payments on operating leases are recognized as expense on a straight-line basis, over the lease term.

g) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

h) Investment

Long term investments are stated at cost. Provision, where necessary, is made to recognize a diminution, other than temporary, in the value of investments.

i) Interest in Joint Venture

Interest in jointly controlled entities (incorporated joint ventures) are accounted for using proportionate consolidation method.

j) Inventories

Inventories of raw materials, packing materials, work-in-progress, finished goods, stores and consumables items are valued at cost or net realizable value, whichever is lower. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost is ascertained on First-in-First out ('FIFO') basis and includes all applicable costs incurred in bringing goods to their present location and condition. Cost of work in progress and finished goods includes materials and all applicable manufacturing overheads. The Group accrues for excise duty liability in respect of manufactured finished goods/intermediary inventories lying in the factory.

k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax and VAT deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arised during the year. Revenue includes the amount of excise duty refund received / due in accordance with incentive scheme.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

l) Miscellaneous Expenditure

Miscellaneous expenditure comprises of preliminary expenses for incorporation of the joint venture company and is written off over a period of five years starting from the year in which commercial activity begins.

m) Foreign currency translation

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company’s monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India are capitalized as a part of fixed asset.

n) Income-tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Profit & Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the period.

o) Retirement and other employee benefits

Retirement benefits to employees comprise payments for gratuity, leave encashment and provident fund. Contributions to provident fund are charged to the profit and loss account as incurred. The liability for gratuity and leave encashment is provided for based on valuation by an independent actuary at year end.

p) Sales promotion items

Sales promotion items are valued at cost or net realizable value, whichever is lower. Cost is ascertained on First-in-First out (‘FIFO’) basis and includes all applicable costs incurred in bringing goods to their present location and condition.

q) Provisions

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

r) Excise duty

Excise duty on turnover is reduced from turnover. Excise duty relating to the difference between the opening stock and closing stock is recognized as income/expense as the case may be, separately in the Profit and Loss account.

s) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion.

t) Goodwill on consolidation

The goodwill arising on consolidation has been amortised over a period of five years.

As per our report of even date

For S.R. Batliboi & Associates
Chartered Accountants

Per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: September 7, 2007

For Jyothy Laboratories Limited

M.P. Ramachandran
Chairman and Managing Director

Place: Mumbai
Date: September 7, 2007

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP, U.S. GAAP AND IFRS

The consolidated and unconsolidated financial statements included in this Prospectus have been prepared in accordance with applicable Indian GAAP, provisions of the Companies Act, 1956 and SEBI Guidelines. Indian GAAP differs in certain respects from U.S. GAAP and IFRS.

The following table summarizes significant differences between Indian GAAP, U.S. GAAP and IFRS in so far as they are relevant to the consolidated and unconsolidated results of the Company. The following summary may not include all the differences that exist between Indian GAAP and U.S. GAAP and Indian GAAP and IFRS. U.S. GAAP and IFRS are generally more comprehensive than Indian GAAP regarding recognition and measurement of transactions, account classification and disclosure requirements. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements and the notes thereto. The Summary refers to certain Indian GAAP, IFRS and U.S. GAAP pronouncements issued for which the mandatory application dates are later than the date of this prospectus. These together with standards that are in the process of being developed in all three jurisdictions could have significant impact on future comparisons between Indian GAAP, U.S. GAAP and IFRS.

Particulars	Indian GAAP	U.S. GAAP	IFRS
Presentation and disclosure	Financial statements include balance sheet, profit and loss statement, cash flow and notes to accounts.	Financial statements include balance sheet, income statement, statement of comprehensive income, statement of shareholders' equity, statement of cash flows and notes to accounts.	Financial statements include balance sheet, income statement, statement of changes in equity, statement of cash flow and notes to accounts.
	Schedule VI of the Companies Act prescribes format of the balance sheet and certain disclosures in respect of assets and liabilities.	Generally presented as total assets balancing to total Liabilities and shareholders' funds. Items presented on the face of the balance sheet are similar to IFRS, but are generally presented in decreasing order of liquidity. The balance sheet detail must be sufficient to enable identification of material components.	There is no prescribed format. However, certain items are prescribed as a minimum disclosure on the face of balance sheet. An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications on the face of its balance sheet except when a presentation based on liquidity provides information that is reliable and is more relevant.
	There is no standard format prescribed for the income statement. However, Schedule VI requires certain specific disclosures in the income statement.	Presented in one of two formats. Either: • a single-step format where all expenses are classified by function and are deducted from total income to give income before tax; or • in a multiple-step format where cost of sales is deducted from sales to show	There is no prescribed format. However, certain items are prescribed as a minimum disclosure on the face of the Income statement. An entity shall present an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is

Particulars	Indian GAAP	U.S. GAAP	IFRS
		gross profit, then other income and expense are presented to give income before tax. SEC regulations specify further line items.	reliable and more relevant.
Change in accounting Policies	The effect of a change in accounting policy is recorded in the income statement of the period in which the change is made except as specified in the transitional provisions of certain standards where the change resulting from adoption of the standards has to be adjusted against opening retained earnings.	Similar to IFRS	An entity shall account for a change in accounting policy resulting from the initial application of a Standard or an Interpretation in accordance with the specific transitional provisions, if any, in that Standard or Interpretation and when an entity changes an accounting policy upon initial application of a Standard or an Interpretation that does not include specific transitional provisions applying to that change, or changes an accounting policy voluntarily, it shall apply the change retrospectively and the entity shall adjust the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.
Accounting for jointly controlled entities in consolidated financial statements	Accounting for jointly controlled entities is required to be done under the proportionate consolidation method.	Does not permit proportionate consolidation for corporate joint ventures. Venturer applies the equity method to recognise the investment in a jointly controlled entity. Equity accounting is also appropriate for investments in unincorporated joint ventures.	A venturer shall recognise its interest in a jointly controlled entity using proportionate consolidation or equity method of accounting. However, the proportionate consolidation method of accounting is the preferred approach.
Consolidated financial statements	Consolidation is required when there is a controlling interest, directly or indirectly through subsidiaries, by	All majority-owned subsidiaries (i.e., all companies in which a parent has a controlling financial interest through	The consolidated financial statements include all enterprises that are controlled by the parent. Control is

Particulars	Indian GAAP	U.S. GAAP	IFRS
	virtue of holding a majority of voting shares or control over board of directors.	direct or indirect ownership of a majority voting interest) must be consolidated unless control does not rest with the majority owner.	presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of the voting power of an enterprise unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control can also exist in certain situations where the parent owns one half or less of the voting power of an enterprise.
Goodwill on consolidation	Goodwill arising on consolidation is computed as the excess of the purchase price over the carrying value of the net assets acquired. Goodwill is tested for impairment annually.	Similar to IFRS	Goodwill arising on consolidation is computed as the excess of the purchase price over the fair value of the net assets acquired and is tested for impairment annually or more frequently if there are indicators of impairment.
	Though amortization of goodwill arising on consolidation is not mandatory, it can be amortised on a systematic basis over its useful life.		Goodwill is not amortised.
Intangible Assets	After initial recognition, an intangible asset should be carried at its cost less any accumulated amortisation and any accumulated impairment losses.	Intangible assets subject to amortisation are carried at amortised cost unless impaired. Intangible assets not subject to amortisation are carried at historical cost unless impaired. Revaluation is not permitted.	An entity shall choose either the cost model or the revaluation model as its accounting policy. If an intangible asset is accounted for using the revaluation model, all the other assets in its class shall also be accounted for using the same model, unless there is no active market for those assets.
	There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.	Similar to IFRS	An entity shall assess whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset shall be regarded by the entity as having an indefinite useful life when, based on

Particulars	Indian GAAP	U.S. GAAP	IFRS
			an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.
Impairment of Assets	An entity is required to assess whether there is any indication that an asset is impaired at each balance sheet date. Impairment loss (if any) is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's selling price or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.	An impairment analysis is performed if impairment indicator exists. An impairment loss shall be recognised only if the carrying value of a long lived asset (asset group) is not recoverable and exceeds its fair value.	Similar to Indian GAAP
	An impairment loss recognised for an asset in prior accounting periods should be reversed if there has been a change in the estimates of cash inflows, cash outflows or discount rates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset should be increased to its recoverable amount. That increase is a reversal of an impairment loss.	Restoration of previously recognised impairment loss is prohibited.	An impairment loss recognised in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.
Inventory	Measured at cost or net realizable value whichever is lower. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the	Measurement is done at lower of cost and market. Market value is defined as being current replacement cost subject to an upper limit of net realisable value (i.e., estimated selling price in the ordinary	Similar to Indian GAAP.

		course of	
Particulars	**Indian GAAP**	**U.S. GAAP**	**IFRS**
	estimated costs necessary to make the sale. Reversal (limited to the amount of the original write-down) is required for a subsequent increase in value of inventory previously written down.	business less reasonably predictable costs of completion and disposal) and a lower limit of net realisable value less a normal profit margin. Reversal of a write-down is prohibited, as a write-down creates a new cost basis.	
	Similar to IFRS except that it is not expressly mandated to use the same cost formula consistently for all inventories that have a similar nature and use to the entity.	First In First Out (FIFO), Last In First Out (LIFO) and Weighted average are acceptable method of determining cost. Same cost formula should be used consistently for all inventories that have a similar nature and use to the entity.	Specific identification, FIFO and Weighted average are acceptable method of determining cost. However, same cost formula should be used consistently for all inventories that have a similar nature and use to the entity.
Deferred Taxation	Deferred tax is accounted using the income statement approach, which focuses on timing differences. Timing differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods.	Similar to IFRS	Entities are required to account for taxation using the balance sheet liability method, which focuses on temporary differences. Temporary differences are differences between the tax bases of assets or liabilities and their book values that will result in taxable or tax deductible amounts in future years.
	Deferred tax assets should be recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, deferred tax assets in situations of brought forward losses or unabsorbed depreciation should be recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which the deferred tax assets can be realised.	Deferred tax assets should be recognised in full unless it is ‘more likely than not’ that some portion or all of the deferred tax assets will not be realised. A provision (or ‘valuation allowance’) should be made to reduce the tax asset to an amount that is ‘more likely than not’ to be realised.	Deferred tax assets should be recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised. Where an enterprise has a history of tax losses, the enterprise recognises a deferred tax asset only to the extent that the enterprise has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available.

Particulars	Indian GAAP	U.S. GAAP	IFRS
Provisions, contingent liabilities and contingent assets	The amount recognised as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.	Similar to IFRS; however, if a range of estimates is present and no amount in the range is more likely than any other amount in the range, the "minimum" (rather than the mid-point) amount must be used to measure a liability.	Similar to Indian GAAP
	Entity is not permitted to discount the provision to its present value.	A provision must only be discounted when the timing of the cash flows is fixed. (Differences may arise in the selection of the discount rate, particularly in the area of asset retirement obligations).	Where the effect of the time value of money is material, the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation. The discount rate (or rates) should be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) should not reflect risks for which future cash flow estimates have been adjusted.
	A contingent asset cannot be disclosed in financial statements. However, the same can be disclosed in director's report.	Similar to IFRS	A contingent asset is disclosed in financial statements where an inflow of economic benefits is probable.
Prior Period Items	Prior period items are separately disclosed in the income statement in a manner that their impact on current profit or loss can be perceived. Comparatives are not restated.	Similar to IFRS	An entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.
Pension/ Gratuity/ Post Retirement Benefits	Discount rate to be used for determining defined benefit obligation is by reference to market	The assumed discount rate used to calculate the actuarial present value of benefits should reflect the	Discount rate to be used for determining defined benefit obligation is by reference to market

Particulars	Indian GAAP	U.S. GAAP	IFRS
	yields at the balance sheet date on government bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations.	rates at which the pension benefits could effectively be settled. In estimating this rate, it is acceptable to consider rates implicit in annuity contracts that could be used to settle the benefit obligation or returns on long dated gilts.	yields at the balance sheet date on high quality corporate bonds (or, in countries where there is no deep market in such bonds, government bonds) of a currency and term consistent with the currency and term of the post-employment benefit obligations.
	Actuarial gain or loss should be recognised immediately in profit and loss account.	Similar to IFRS, except that there is no option of recognizing the same into statement of changes in equity and if all or almost all plan participants are retired, actuarial gains and losses are amortised over the remaining life expectancy of the plan participants.	The actuarial gains or loss are to be recognized using either the corridor approach or immediately in the profit or loss account or in the statement of recognized income and expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated consolidated financial statements included in this Red Herring Prospectus. You should also read the section titled "Risk Factors" beginning on page x of this Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition and results of operations.

The following discussion relates to the Company, its subsidiary and its interest in Balaji Telebrands Limited, and, Continental Speciale (India) Private Limited unless otherwise stated, is based on our restated consolidated financial statements, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar with in other countries. We do not provide a reconciliation of its financial statements to IFRS or U.S. GAAP. Furthermore, we have not quantified or identified the impact of the differences between Indian GAAP and IFRS or between Indian GAAP and U.S. GAAP as applied to our consolidated financial statements. As there are significant differences between Indian GAAP and IFRS and between Indian GAAP and U.S. GAAP, there may be substantial differences in our results of operations, cash flows and financial position if we were to prepare its financial statements in accordance with IFRS or U.S. GAAP instead of Indian GAAP. A summary of principal differences between Indian GAAP, IFRS and U.S. GAAP that may be relevant to our business is set forth in the section titled "Summary of Significant Differences between Indian GAAP, U.S. GAAP and IFRS" beginning on page 163 of this Red Herring Prospectus.

Certain financial information set forth in the following discussion, including, volume and value growth of products and other analyses is based on internal management reports and information and is not based on or derived from the audited financial statements. All other financial information is, unless stated otherwise, based on our restated consolidated financial statements.

References to "we", "our", and "us" in this section refer to the Company, its subsidiary and its interest in Balaji Telebrands Limited, a joint venture company.

Overview

We are a fast moving consumer goods (FMCG) company in India offering branded products in fabric care, mosquito repellent, dishwashing, bath, and incense products. Our flagship brand Ujala fabric whitener had a 69% market share by value in the Indian organized segment in 2006 according to AC Neilsen, and, as per estimates from Marketpulse-IMRB's Household Purchase Panel, Ujala was purchased by 75.4 million surveyed households during the period April 1, 2006 to March 31, 2007. This represents 37% of the surveyed household population. We believe that our brands enjoy effective association with our core values including offering value-for money products to the common man.

Our key brands are Ujala, Maxo, Exo, Jeeva, and Maya. The product line for Ujala consists of fabric whitener (a 24 year old brand), Stiff & Shine and washing powder. Our Maxo product line consists of mosquito repellent coils, liquid vaporizers and aerosol sprays. Exo's product line includes dishwash bars with an anti-bacterial agent, dish wash liquid, and dish scrubbers. We produce soap products under the Jeeva brand and air freshening incense sticks or agarbatti under our Maya brand. We also have entered into joint ventures to market and distribute coffee and spiritual dhoops and to market tea.

Comparison of Financial Periods

Our most recent financial reporting period for the purpose of this section was for the year ended June 30, 2007. Our financial year ends on June 30 each year. Our financial year ended June 30, 2004 was a fifteen-month accounting period. Prior to our financial year (15 months) ended June 30, 2004, our financial years ended on March 31. Accordingly, due to the different periods covered by our financial reporting periods, it is difficult to compare our financial results period-on-period and any such comparison may be misleading due to seasonality and other factors.

In this section, the term "financial year" of abbreviation "FY" refers to any of the twelve month periods ended June 30, 2007, 2006 and 2005 and the fifteen month period ended June 30, 2004 as the context may require.

Basis of Consolidation and Restatement

The Company acquired Sri Sai Home Care Products Private Limited ("SSHC"), a manufacturer of mosquito repellant coils based in Hyderabad, in February 2002. SSHC has been consolidated with effect from February 2002.

In addition, we have a 50% equity interest in Balaji Telebrands Limited, a joint venture company, for the marketing and distribution of Karyasiddhi Graha Shanti Dhoops, which is a variety of agarbatti aimed at customers with astrological interests and beliefs. Sudarshan Dhoop Private Limited manufactures the product. Balaji Telebrands Limited owns and markets the Karyasiddhi Graha Shanti Dhoop brand through us.

Our restated consolidated financial statements for 2007, 2006, 2005, 2004 and 2003 have been prepared and restated by the Company in accordance with the requirements of Part II of Schedule II to the Companies Act and the SEBI (Disclosure and Investor Protection Guidelines 2000) as amended.

Factors Affecting Our Results of Operations

Various factors have affected the results of our operations in the past and may continue to do so in the future, including:

Dependence on Ujala and Maxo**—**For the year ended June 30, 2007 and the year ended June 30, 2006, our flagship brand Ujala contributed 43.64% and 49.48% of our net sales, respectively. Our dependence over the last three financial years on Ujala has been steadily declining with increasing sales contributions from other products, primarily Maxo which contributed 35.84% and 32.63% of our net sales in the year ended June 30, 2007 and the year ended June 30, 2006, respectively. Notwithstanding, the contribution of Maxo, net sales of Ujala continue to represent substantially all of our operating profit in the year ended June 30, 2007 and the year ended June 30, 2006.

Competition**—**There is generally increasing competitive pressure in most segments of the industry in which we operate, which makes our goals of increasing market shares and broadening our consumer base a continuing challenge. Increasing competitive pressures may also impact our ability to improve realisations from our products. We need to respond to competitive business strategies adopted by other players and consequently our costs, including advertising and sales promotion expenses may be impacted.

Unfair Competition**—**We, like many other players in the branded FMCG segment, face various forms of unfair competition, including sale of duplicates, clones and pass-offs.

Supermarket and Hypermarket Chains in India**—**The FMCG industry in India has been witnessing the emergence of newer channels of distribution, such as direct marketing and new supermarket and hypermarket chains. With urban consumers becoming more affluent, younger on average and more aspirational, and with supermarkets emerging in cities across the country, penetration of supermarkets is likely to continue to increase. This provides the opportunity to improve supply chain efficiencies and the visibility of our brands, however it also puts pressure on our margins as volume purchases from large supermarket chains increases their bargaining position.

Raw Materials Availability**—**Adequate availability of key raw materials at the right prices and throughout the year is crucial for our operations. Any disruption in the supply, or increase in the costs, of such materials could affect our ability to reach our consumers with a successful value proposition and satisfy existing demand.

Seasonality**—**Sales of our Maxo mosquito coils are seasonal with a substantial part of our revenues from this product typically coming in the period of January to April and the months of August and September. During periods of lower sales activity, we may continue to incur operating expenses, but our revenues may be delayed or reduced. This may adversely impact our results of operations during certain reporting periods. We also purchase some of our raw materials on a bulk basis at certain times during the year due to seasonality like saw dust and price considerations like HDPE. These bulk purchases may increase our inventory in certain reporting periods.

Regulatory Changes**—**Regulatory changes, especially fiscal changes and changes related to food and cosmetics laws in India and overseas, can have a bearing on our business especially in respect of new business lines and new business opportunities. Changes in tax incentives in India or our other geographic markets could affect our results or operations.

Indirect Taxation on our Products**—**Our products are subject to indirect taxation such as sales tax, value added tax and excise duty. Our current indirect taxation profile is based on current tariff classifications and the current tariff rates. Classifications or tariff rates or both may change from time to time. If such revision is adverse, our results of operations may be correspondingly affected.

Macroeconomic Factors—Macroeconomic factors such as a recession or any other economic instability, political uncertainty, social upheavals or acts of God affecting India or our other geographic markets could influence our performance. Further, fluctuations in crude oil prices, rising interest rates and inflation could affect our margins.

Monsoon—Rainfall may continue to affect us and our performance. While a mild monsoon season can help set the tone for a good year, a bad monsoon season could impact the purchasing power of consumers, particularly in rural areas.

For more information on these and other factors that have affected or may affect our results of operations, financial condition or business, please refer to the section titled *"Risk Factors"*.

Results of Operations—Overview

Total Income

Gross sales consists of our sales from our branded products principally Ujala fabric whitener, Maxo, Exo and from distributed products like Godrej Tea. Sales revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Net sales are gross sales less sales tax, excise tax and trade discounts.

Sales tax or value added tax (VAT) is imposed by the State governments and central excise duty is imposed by the central Government. Sales tax, VAT and excise duty are directly related to our gross sales booked in any particular region during a reporting period.

Trade discounts are discounts in addition to the regular margin given to the wholesalers and the retailers to promote the Company's products to combat competition. This trade discount is passed from the Company to the super-stockist and down the chain to benefit the wholesalers and the retailers.

Other income includes interest on fixed deposits, sales tax incentives, write-back of provisions no longer required, export incentives, profits from the sales of investment and other miscellaneous income.

Expenditure

The following table sets out our expenditure as a percentage of our net sales for the periods indicated:

Particulars	FY 2007	FY 2006	FY 2005	FY 2004
	In Rs. millions.			
Net Sales	**3,618.88**	**3019.33**	**2653.48**	**2943.95**
Expenditure:				
Materials consumed and costs of trading goods	1,928.09	1,425.32	1,359.81	1,665.65
% of Net Sales	*53.28%*	*47.21%*	*51.25%*	*56.57%*
(Increase)/Decrease in finished goods/work in progress	(31.54)	5.23	21.70	(56.63)
% of Net Sales	*(0.87)%*	*0.17%*	*0.82%*	*(1.92)%*
Employee costs	418.83	344.85	280.48	260.43
% of Net Sales	*11.57%*	*11.42%*	*10.57%*	*8.85*
Operating and administrative expenses	432.64	420.22	320.61	429.78
% of Net Sales	*11.96%*	*13.92%*	*12.08%*	*14.60%*
Advertisement and publicity	292.64	266.91	292.34	487.54
% of Net Sales	*8.09%*	*8.84%*	*11.02%*	*16.56%*
Sales and promotion schemes	47.95	18.28	13.38	298.05
% of Net Sales	*1.32%*	*0.61%*	*0.50%*	*10.12%*
Provision for doubtful debts/Bad debts written off	0.73	75.66	31.09	3.48
% of Net Sales	*0.02%*	*2.51%*	*1.17%*	*0.12%*
Total Expenditure (excluding depreciation, interest and finance charges)	**3,089.34**	**2,556.47**	**2,319.41**	**3,088.30**
% of Net Sales	***85.37%***	***84.67%***	***87.41%***	***104.90%***

Materials consumed

Cost of materials consumed and cost of trading goods sold includes consumption of raw materials, packing material, and the cost of trading goods (includes the purchase of outsourced products). In addition, material consumed includes the cost of the Company's own products which are given free as part of consumer offers.

We outsource the production (in whole or in part) of certain products like Maxo, Maya and Exo Safai that are manufactured to our specifications. We purchase these products from our third party manufacturers. The purchase price of these finished goods is determined on a cost-plus basis.

(Increase)/Decrease in finished goods/work in progress

(Increase)/Decrease in finished goods/work in progress includes the differences between opening and closing stock values related to materials consumed plus manufacturing expenses.

Employees' Costs

Our employees' costs include salaries, wages, bonus and gratuity, contribution to provident and other funds and staff welfare scheme expenses in respect of employees and directors, directors' remuneration, commission to directors and field staff incentives.

Operating and administrative expenses

Operating and administrative expenses include, among other things, carriage outwards expenses (net of freight subsidy), power and fuel expenses, field staff expenses and awards, repairs and maintenance expenses, legal and professional fees, rent and traveling and conveyance expenses.

Advertisement and Publicity

Advertisement and publicity includes production cost of television and radio commercials and press advertisements, media buying (television, press and radio), commission and fees to advertising agencies and costs related to publicity campaigns.

Sales Promotion and Schemes

Sales promotion and schemes includes the special offers to the distributors, cost of loyalty programmes, incentives and awards to distributors and the cost of items (other than the Company's own products) that are given free as part of consumer and trade offers.

Provision for doubtful debts/Bad debts written off

Bad and doubtful debts include provision for doubtful debts, sundry advances written off (less provision written back) and bad debts written off (less provision written back).

Interest and Finance Charges

Finance charges include interest on loans and other financial charges. We had no interest bearing long-term indebtedness; however, we had unsecured loans of Rs. 6.36 million at June 30, 2007.

Taxes

Taxes include Income Tax, Minimum Alternative Tax (MAT) credits and Deferred Taxes. In recent years, we have had a low effective tax rate, close to the MAT rate. During the year ending June 30, 2007, our effective income tax rate was 10.80%. Our production facilities located at Baddi, Wayanad, Uttranchal, Jammu and Guwahati are eligible for deduction under Section 80IA/80IB/80IC. We however cannot assure you that such fiscal incentives would not be withdrawn or reduced in the future.

The table below sets forth the extent of profits exempt from Income Tax at each of our factories eligible for exemption under Section 80IA/80IB/80IC as is applicable at present.

	Eligibility for Deduction under Section 80IA / 80IB / 80IC in %								
Financial Year	**Baddi**	**Pondy Personal Care**	**Silvassa**	**Mehboob Nagar**	**Wayanad**	**Guwahati**	**Guwahati Maxo**	**Bishnupur**	**Himachal Pradesh Stiff & Shine**
2000 - 01			100	100		100		100	
2001 - 02			100	100	100	100		100	
2002 - 03	100	100	100	30	100	100	100	100	
2003 - 04	100	100	100	30	100	100	100	100	
2004 - 05	100	100	30	30	100	100	100	30	
2005 - 06	100	100	30	30	100	30	100	30	100
2006 - 07	100	100	30	30	30	30	100	30	100
2007 - 08	30	30	30		30	30	30	30	100
2008 - 09	30	30	30		30	30	30	30	100
2009 - 10	30	30			30	30	30		100
2010 - 11	30	30			30		30		30
2011 - 12	30	30					30		30
2012 - 13									30
2013 - 14									30
2014 - 15									30

The year ended June 30, 2007 compared with the year ended June 30, 2006

Income

Our total income increased by 19.25% to Rs. 3,745.16 million in the year ended June 30, 2007 from Rs. 3,140.50 million in the year ended June 30, 2006.

Our sales (gross) increased by 18.44% to Rs. 4,338.31 million in the year ended June 30, 2007 from Rs. 3,663.01 million in the year ended June 30, 2006. This increase was principally due to an increase in sales volumes from Maxo Coils, Maya, Exo and first-time sales from Maxo Aerosol and distribution arrangements of Continental Speciale Coffee. Our gross sales also benefited from sales increases of Ujala Fabric Whitener.

Our mix of sales (gross) changed in the year ended June 30, 2007 with a greater contribution by Maxo and first time sales of Maxo Liquid and Maxo along with a reduction in Ujala fabric whitener's contribution.

Our net sales increased by 19.86% to Rs. 3,618.88 million in the year ended June 30, 2007 from Rs. 3,019.33 million in the year ended June 30, 2006. This increase was principally due to the 18.44% increase in our gross sales and lower level of trade discounts of Maxo in year ended June 30, 2007.

Other income increased by 4.22%, to Rs. 126.28 million in the year ended June 30, 2007 from Rs. 121.17 million in the year ended June 30, 2006. This increase was principally due to recovery of bad debts written off in FY 2006.

Expenditure

Materials consumed

Materials consumed and cost of trading goods sold increased by 35.27% to Rs. 1,928.09 million in the year ended June 30, 2007 from Rs. 1,425.32 million in the year ended June 30, 2006. As a percentage of net sales, materials consumed and costs of trading goods increased in the year ended June 30, 2007 to 53.28% from 47.21% in the year ended June 30, 2006. This increase was principally due to an increase in costs from consumer offers and the Maxo Magic scheme and an increase in HDPE prices.

(Increase)Decrease in finished goods and work in progress

There was an increase of Rs. 31.54 million in finished goods and work in progress in year ended June 30, 2007 and a Rs. 5.23 million decrease in the year ended June 30, 2006.

Employees' Costs

Employee costs increased by 21.45% to Rs. 418.83 million in the year ended June 30, 2007 from Rs. 344.85 million in the year ended June 30, 2006. This increase was principally due to the addition of approx 400 new employees (principally in the sales area) in year ended June 30 2007 as well as wage increases. As a percentage of net sales, employees' costs remained flat in the year ended June 30, 2007 at 11.57% and at 11.42% in the year ended June 30, 2006.

Operating and administrative expenses

Operating and administrative expenses increased by 2.96% to Rs. 432.64 million in the year ended June 30, 2007 from Rs. 420.22 million in the year ended June 30, 2006. This increase was principally due to an increase in field staff expenses (particularly travel) and an increase in repairs and maintenance expense As a percentage of net sales, operating and administrative expenses were relatively flat and decreased in the year ended June 30, 2007 to 11.96% from 13.92% in the year ended June 30, 2006.

Advertisement and Publicity

Advertisement and publicity expenditure increased by 9.64% to Rs. 292.64 million in the year ended June, 2007 from Rs. 266.91 million in the year ended June 30, 2006. As a percentage of net sales, advertisement and publicity expenditure decreased in the year ended June 30, 2007 to 8.09% from 8.84% in the year ended June 30, 2006. This decrease was principally due to better management of expenses.

Sales Promotion and Schemes

Sales promotion and schemes expenditure increased by 162.31% to Rs. 47.95 million in the year ended June 30, 2007 from Rs. 18.28 million in the year ended June 30, 2006. As a percentage of net sales, expenditure for sales promotion and schemes increased in the year ended June 30, 2007 to 1.32% from 0.61% in the year ended June 30, 2006. This increase was principally due to a greater spend in the year ended June 30, 2007 on sales and promotion schemes for Maxo as trade discounts were reduced.

Provision for doubtful debts and bad debts written off

Provision for doubtful debts and bad debts written off decreased by 99.04% from Rs. 75.66 million in the year ended June 30, 2006 to Rs 0.73 million in the year ended June 30, 2007. In the year ended June 30, 2006, amounts due from one of our distributors was written off after we terminated our relationship with it in August 2005. Part of the bad debt was written off in financial year 2005 but a larger portion was written off in the year ended June 30, 2006 after certain cheques from that distributor were dishonoured.

Profit Before Prior Period Item and Tax

Profit before prior period item and tax increased by 12.29%, to Rs. 655.82 million in the year ended June 30, 2007 from Rs. 584.03 million in year ended June 30, 2006. This increase was principally due to increase in net sales by 19.86% offset by higher material cost.

The prior period items in the year ended June 30, 2006 were charges against profit of Rs. 35.35 million with respect to advertisement and trade discount that were incurred in FY 2005.

Profit Before Interest, Depreciation and Tax

Profit before interest, depreciation and tax increased by 19.53%, to Rs. 655.82 million in the year ended June 30, 2007 from Rs. 548.68 million in year ended June 30, 2006. This increase was principally due to increase in gross sales offset by higher material cost.

Interest and Finance Charges

Interest and finance charges increased to Rs. 1.79 million in the year ended June 30, 2007 from Rs. 1.47 million in the year ended June 30, 2006.

Depreciation and Amortisation

Depreciation and amoritisation increased by 16.64% to Rs. 65.90 million in the year ended June 30, 2007 from Rs. 56.50 million in the year ended June 30, 2006. This increase was principally due to additional capitalization during the year ended June 30, 2007.

Profit before Taxation

Profit before taxation increased by 19.85% to Rs. 588.13 million in the year ended June 30, 2007 from Rs. 490.71 million in the year ended June 30, 2006 .

Provision for Tax

Provision for tax decreased by 19.49% to Rs. 73.96 million in the year ended June 30, 2007 from Rs. 91.86 million in year ended June 30, 2006. This decrease was principally due to higher tax incentives from tax efficient production areas.

Net Profit before adjustments

Net profit increased by 28.91% to Rs. 514.17 million in the year ended June 30, 2007 from Rs. 398.85 million in the year ended June 30, 2006.

The financial year ended June 30, 2006 compared with the financial year ended June 30, 2005

Income

Our total income increased by 15.72% to Rs. 3,140.50 million in financial year 2006 from Rs. 2,713.77 million in financial year 2005.

Our sales (gross) increased by 15.35% to Rs. 3,663.01 million in financial year 2006 from Rs. 3,175.52 million in financial year 2005. This increase was principally due to an increase in sales volumes from Ujala fabric whitener and first-time sales from distribution arrangements of Godrej Tea. Our gross sales also benefited from sales increases of Maxo, Exo, Maya and new product introductions like Ujala stiff & shine and Ujala washing powder. Although the gross sales from Ujala fabric whitener and Maxo grew by 10.09% and 3.96%, respectively, the contribution of Ujala fabric whitener and Maxo to our mix of sales in FY 2006 was less in comparison to their contribution in FY 2005. This change in our mix of sales in FY 2006 was primarily due to the sales contribution of new products like tea, Ujala stiff & shine and Ujala washing powder.

Our net sales increased by 13.79% to Rs. 3,019.33 million in financial year 2006 from Rs. 2,653.48 million in financial year 2005. This increase was principally due to the 15.35% increase in our gross sales offset by greater level of trade discounts of Maxo in FY 2006.

Other income increased by 100.98%, from Rs. 60.29 million in financial year 2005 to Rs. 121.17 million in financial year 2006. This increase was principally due to increased income in FY 2006 from our fixed deposits, write-back of provisions no longer required and profit from the sale of certain investments.

Expenditure

Materials consumed

Materials consumed and cost of trading goods sold increased by 4.82% from Rs. 1,359.81 million in financial year 2005 to Rs. 1,425.32 million in financial year 2006. As a percentage of net sales, materials consumed and costs of trading goods decreased in financial year 2006 to 47.21% from 51.25% in financial year 2005. This decrease was principally due to lower consumption of HDPE and reduction in price of active ingredients of Maxo in FY 2006.

(Increase)Decrease in finished goods and work in progress

There was a decrease of Rs. 5.23 million in finished goods and work in progress in financial year 2006 and a Rs. 21.70 million decrease in financial year 2005.

Employees' Costs

Employee costs increased by 22.95% from Rs. 280.48 million in financial year 2005 to Rs. 344.85 million in financial year 2006. As a percentage of net sales, employees' costs increased in financial year 2006 to 11.42% from 10.57% in financial year 2005. This increase was principally due to the addition of 384 new employees (principally in the sales area) in financial year 2006 as well as wage increases in FY 2006.

Operating and administrative expenses

Operating and administrative expenses increased by 31.07% from Rs. 320.61 million in financial year 2005 to Rs. 420.22 million in financial year 2006. As a percentage of net sales, operating and administrative expenses increased in financial year 2006 to 13.92% from 12.08% in financial year 2005. This increase was principally due to an increase in legal and professional fees principally in connection to a payment to ICICI Bank in FY 2006 and an increase in repairs and maintenance expense in FY 2006 as production increased in line with sales.

Advertisement and Publicity

Advertisement and publicity expenditure decreased by 8.7% from Rs. 292.34 million in financial year 2005 to Rs. 266.91 million in financial year 2006. As a percentage of net sales, advertisement and publicity expenditure decreased in financial year 2006 to 8.84% from 11.02% in financial year 2005. This decrease was principally due to a reduction of advertisement and publicity relating to Jeeva in financial year 2006.

Sales Promotion and Schemes

Sales promotion and schemes expenditure increased by 36.62% from Rs. 13.38 million in financial year 2005 to Rs. 18.28 million in financial year 2006. As a percentage of net sales, expenditure for sales promotion and schemes was flat at 0.61% in financial year 2006 and at 0.50% in financial year 2005.

Provision for doubtful debts and bad debts written off

Provision for doubtful debts and bad debts written off increased by 143.36% from Rs. 31.09 million in financial year 2005 to Rs 75.66 million in financial year 2006. This increase was for the write off of bad debts from one of our distributors after we terminated our relationship with it in August 2005. Part of the bad debt was written off in financial year 2005 but a larger portion was written off in FY 2006 after certain cheques from that distributor were dishonoured.

Profit Before Prior Period Item, Exceptional Item and Tax

Profit before prior period item, exceptional item and tax increased by 48.10%, from Rs. 394.36 million in financial year 2005 to Rs. 584.03 million in financial year 2006. This increase was principally due to our lower level of expenditure and increased sales.

The prior period items in financial year 2006 was a charge against profit of Rs. 35.35 million with respect to advertisement and trade discount that were incurred in FY 2005 and FY 2004.

The exceptional item in financial year 2005 was a charge against profit of Rs. 60.00 million with respect to the diminution in the market value of investments in FY 2005.

Profit Before Interest, Depreciation and Tax

Profit before interest, depreciation and tax increased by 64.10%, from Rs. 334.36 million in financial year 2005 to Rs. 548.68 million in financial year 2006. This increase was principally due to our lower level of expenditure and increased sales.

Interest and Finance Charges

Interest and finance charges increased from Rs. 0.80 million in financial year 2005 to Rs. 1.47 million in financial year 2006.

Depreciation and Amortisation

Depreciation and amoritisation increased by 13.23% from Rs. 49.90 million in financial year 2005 to Rs. 56.50 million in financial year 2006. This increase was due to additions to fixed assets.

Profit before Taxation

Profit before taxation increased by 72.99%, from Rs. 283.66 million in financial year 2005 to Rs. 490.71 million in financial year 2006.

Provision for Tax

Provision for tax increased from Rs. 60.09 million in financial year 2005 to Rs. 91.86 million in financial year 2006. This increase was principally due to the disallowance of a prior period expenditure and the full year impact of fringe benefit tax in FY 2006.

Net Profit before adjustments

Net profit before adjustments increased by 78.40%, from Rs. 223.57 million in financial year 2005 to Rs. 398.85 million in financial year 2006.

The financial year ended June 30, 2005 compared with the financial year ended June 30, 2004 (15 months)

Income

Our total income decreased by 9.58% from Rs. 3,001.22 million in financial year 2004 to Rs. 2,713.77 million in financial year 2005. This was primarily due to financial year 2004 being a 15-month period.

Our sales (gross) decreased by 8.31% to Rs. 3,175.52 million in financial year 2005 from Rs. 3,463.34 million in financial year 2004. This decrease was primarily due to financial year 2004 being a 15-month period. After adjusting for the longer FY 2004 period, FY 2005 showed improved sales (gross) from FY 2004 primarily due to a large increase in sales volumes from Ujala fabric whitener, a modest price increase in Ujala fabric whitener introduced in October 2004 and first-time sales from our Exo detergent launched in FY 2005.

Our mix of sales (gross) changed in financial year 2005 with a greater contribution by Ujala fabric whitener and a first-time contribution by Exo detergent along with a modest reduction in Maxo's contribution.

Our net sales decreased by 9.87% from Rs. 2,943.95 million in financial year 2004 to Rs. 2,653.48 million in financial year 2005. This decrease was principally due to financial year 2004 being a 15-month period and a greater level of trade discounts of Maxo in FY 2005 offset by a higher level of excise duty in FY 2004 from Jeeva sales.

Other income increased by 5.27%, from Rs. 57.27 million in financial year 2004 to Rs. 60.29 million in financial year 2005. This increase was principally due to increased income in FY 2005 from our fixed deposits.

Expenditure

Materials consumed

Materials consumed and cost of trading goods sold decreased by 18.36% from Rs. 1665.65 million in financial year 2004 to Rs. 1,359.81 million in financial year 2005. This decrease was primarily due to financial year 2004 being a 15-month period. As a percentage of net sales, materials consumed and costs of trading goods decreased in financial year 2005 to 51.25% from 56.57% in financial year 2004. This decrease was principally due to a reduction in price of active ingredients of Maxo in FY 2005 and the increased contribution of Ujala fabric whitener in FY 2005.

(Increase)Decrease in finished goods and work in progress

There was a Rs. 21.70 million decrease in finished goods and work in progress in financial year 2005 and an Rs 56.63 million increase in financial year 2004.

Employees' Costs

Employee costs increased by 7.70% from Rs. 260.43 million in financial year 2004 to Rs. 280.48 million in financial year 2005. As a percentage of net sales, employees' costs increased in financial year 2005 to 10.57% from 8.85% in financial year 2004. This increase was principally due to a 20% salary increase in FY 2005, additional employees in connection with the production of Maxo.

Operating and administrative expenses

Operating and administrative expenses decreased by 25.40% to Rs. 320.61 million in financial year 2005 from Rs. 429.78 million in financial year 2004. As a percentage of net sales, operating and administrative expenses decreased in financial year 2005 to 12.08% from 14.60% in financial year 2004. This decrease was due to the use of certain contract labour in the production of Maxo and Rs. 28.55 million provision for doubtful advances in respect of certain suppliers in FY 2004.

Advertisement and Publicity

Advertisement and publicity expenditure decreased by 40.04% from Rs. 487.54 million in financial year 2004 to Rs. 292.34 million in financial year 2005. As a percentage of net sales, advertisement and publicity expenditure decreased in financial year 2005 to 11.02% from 16.56% in financial year 2004. This decrease was principally due to a reduction of advertisement and publicity relating to our Jeeva brand.

Sales Promotion and Schemes

Sales promotion and schemes expenditure decreased by 95.51% from Rs. 298.05 million in financial year 2004 to Rs. 13.38 million in financial year 2005. As a percentage of net sales, sales promotion and schemes expenditure decreased in financial year 2005 to 0.50% from 10.12% in financial year 2004. This decrease was principally due to the discontinuance in FY 2005 of our mix and match coupon scheme for all of our products as well as our gold treasure scheme for Ujala fabric whitener.

Provision for doubtful debts and bad debts written off

Provision for doubtful debts and bad debts written off increased from Rs. 3.48 million in financial year 2004 to Rs. 31.09 million in financial year 2005. This increase was for the write off of bad debts from one of our distributors after we terminated our relationship with it in August 2005. Part of this bad debt was written off in financial year 2005.

Profit (loss) Before Prior Period Item, Exceptional Item, Interest, Depreciation and Tax

In financial year 2005, profit before prior period item, exceptional item interest, depreciation and tax was Rs. 394.36 million compared to a loss before prior period item, exceptional item, interest, depreciation and tax of Rs. 87.08 million in financial year 2004. This large increase in profit before prior period item, exceptional item, interest, depreciation and tax was principally due to our lower level of expenditure particularly in respect of our Jeeva brand and increased sales for our products.

The prior period items in financial year 2004 were a charge against profit of Rs. 24.94 million with respect to advertisement expenditure.

The exceptional item in financial year 2005 was a charge against profit of Rs. 60.00 million with respect to the diminution in the market value of investments in FY 2005.

Profit (loss)Before Interest, Depreciation and Tax

In financial year 2005, profit before interest, depreciation and tax was Rs. 334.36 million compared to a loss before interest, depreciation and tax of Rs. 112.02 million in financial year 2004. This large increase in profit before interest, depreciation and tax was principally due to our lower level of expenditure particularly in respect of our Jeeva brand and increased sales for our products.

Interest and Finance Charges

Interest and finance charges decreased 96.02% from Rs. 20.08 million in financial year 2004 to Rs. 0.8 million in financial year 2005. This decrease was principally due to interest paid on our convertible debentures in FY 2004 that were fully converted into equity effective on September 30, 2003. In addition, we had greater interest expense in FY 2004 on our overdraft facility.

Depreciation and Amortisation

Depreciation and amoritisation decreased by 13.89% from Rs 57.95 million in financial year 2004 to Rs. 49.90 million in financial year 2005. This decrease was primarily due to financial year 2004 being a 15-month period.

Profit (loss) before Taxation

In financial year 2005, profit before taxation was Rs. 283.66 million compared to a loss before taxation of Rs. 190.05 million in financial year 2004.

Provision for Tax

Provision for tax increased from a tax credit of Rs. 31.90 million in financial year 2004 to a tax provision of Rs. 60.09 million in financial year 2005. The tax credit in FY 2004 was due to the loss before taxation of Rs. 190.05 million in that financial year.

Net profit (loss) before adjustments

In financial year 2005, net profit before adjustments was Rs. 223.57 million compared to a net loss of Rs. 158.15 million in financial year 2004.

Liquidity and Capital Resources

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. In addition, liquidity includes the ability to obtain appropriate equity and debt financing and loans and to convert into cash those assets that are no longer required to meet existing strategic and financial objectives. Therefore, liquidity cannot be considered as separate from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting any debt service and other commitments. At present, we have no interest bearing long-term debt.

We have historically financed our working capital, capital expenditure primarily through funds generated from our operations and do not have working capital facilities at this time. Our business requires a significant amount of working capital. In many cases, significant amounts of our working capital are required to finance the purchase of materials. We believe that we will have sufficient capital resources from our operations to meet our capital requirements for at least the next 12 months.

Cash flows

The table below summarizes our cash flows for the financial years 2007, 2006, 2005 and 2004:

	For financial years ended			
	June 30, 2007	**June 30, 2006**	**June 30, 2005**	**June 30, 2004**
	Rs. million			
Net Cash Inflow/(Outflow) from Operating Activities..............	324.41	511.91	390.36	25.56
Net Cash Inflow/(Outflow) from Investing Activities...............	(731.43)	(31.23)	(50.97)	(113.17)
Net Cash Inflow/(Outflow) from Financing Activities..............	(100.84)	(95.79)	(46.42)	(65.62)
Net Increase/(Decrease) in Cash and Cash equivalents.............	(507.86)	384.89	292.97	(153.23)

Operating Activities

Net cash generated from operating activities decreased to Rs. 324.41 million in the year ended June 30, 2007 as compared to Rs. 511.91 million in the year ended June 30, 2006. Our operating profit decreased to Rs. 554.61 million in the year ended June 30, 2007 from Rs. 603.11 million in the year ended June 30, 2006. Our working capital change was a increase of Rs. 153.58 million in the year ended June 30, 2007 as compared to a increase of Rs. 44.10 million in the year ended June 30, 2006. This large working capital change in the year ended June 30, 2007 was principally driven by a increase in trade receivables and loans and advances offset by an increase in current liabilities.

Investing Activities

Net cash outflow from investing activities increased to Rs. 731.43 million in the year ended June 30, 2007 as compared to a net cash inflow from investing activities of Rs. 31.23 million in the year ended June 30, 2006. This was primarily due to our cash outflow for the purchase of fixed assets that increased from Rs. 123.48 million in the year ended June 30, 2006 to Rs. 819.55 million in the year ended June 30, 2007. This outflow was due to our expenditures in connection with our new production facilities in the year ended June 30, 2007.

Financing Activities

Net cash outflow from financing activities increased to Rs. 100.84 million in the year ended June 30, 2007 as compared to net cash outflow of Rs. 95.79 million in the year ended June 30, 2006. Cash provided by borrowings was Rs. 4.60 million in the year ended June 30, 2007 and though there was no borrowing in the year ended June 30, 2006. Our dividends paid and dividend tax paid were Rs. 90.71 million and Rs. 12.72 million in the year ended June 30, 2007, respectively, compared to dividends paid and dividend tax paid of Rs. 83.45 million and Rs. 11.71 million in the year ended June 30, 2006.

Working Capital Needs

We have historically financed our working capital, capital expenditure primarily through funds generated from our operations. The major component of Working Capital is inventories. The Raw Materials inventory varies based on seasonality and certain items such as saw dust and HDPE have to be stocked based on availability during the seasons. We also build up inventory positions from time-to-time of prices of various commodities. The rest of the components of working capital, including trade debtors and creditors are relatively stable.

Indebtedness

We had no interest bearing long-term indebtedness; however, we had unsecured loans of Rs. 6.36 million at June 30, 2007.

Capital Expenditures

Our capital expenditure includes expenditure on new facilities and fixed assets in India and overseas. In the past three financial years, capital expenditure has been funded through our internal cash accruals.

We intend to incur capital expenditure of approximately Rs. 250 million in respect of our new Jammu, Uttaranchal (Uttarakhand) and Guwahati facilities, and this is expected to be funded through cash generated from our operations.

Contingent Liabilities

As at June 30, 2007, we had the following contingent liabilities that have not been provided for:

Particulars	Amount Rs. million
Claims against the Company not acknowledged as debt	12.00
Guarantees given by the Company to banks	3.17
Tax Matters	61.89
Total	**77.06**

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements.

Our Sundry debtors increased from Rs. 323.72 million during June 30, 2006 to Rs. 407.36 million during June 30, 2007. In order to meet competition in market place, the company was required to provide various incentives to the trade including incentive by way of additional credit to the trade to enable them to stock up to meet seasonal demands in mosquito repellant.

Summary of Significant Accounting Policies

Basis of Preparation and Consolidation

Our financial statements are prepared under the historical cost convention on accrual basis of accordance with the mandatory standards issued by the Institute of Chartered Accountants of India 211(3C) of the Act and generally accepted accounting principles in India.

Our consolidated financial statements have been consolidated on a line-by-line basis by adding like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised intra-group transactions.

Joint Ventures

Interest in jointly controlled entities (incorporated joint venture) are accounted for using the proportionate consolidation method.

Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Cost of shares of a Co-operative society has been added to the cost of office building. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

The estimated useful life of the assets is as follows:

Category	Estimated useful life (in years)
Buildings	30-60
Plant and machinery	3-21
Electrical installations	20
Furniture and fixtures	12
Dies and moulds	1-3
Computers	6
Office equipments	20
Vehicles	8-10
Trademarks	9

Leasehold land is amortised over the period of the lease on a straight-line basis.

Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant or subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

Investment

Long term investments are stated at cost. Provision, where necessary, is made to recognize a diminution, other than temporary, in the value of investments.

Inventories

Inventories of raw materials, packing materials, work-in-progress, finished goods, stores and consumables items are valued at cost or net realizable value, whichever is lower. Cost is ascertained on First-in-First out (‘FIFO’) basis and includes all applicable costs incurred in bringing goods to their present location and condition. Cost of work in progress and finished goods includes materials and all applicable manufacturing overheads. We accrue excise duty liability in respect of manufactured finished goods and intermediary inventories lying in the factory.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to us and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax and VAT deducted from turnover (gross) are the amounts that are included in the amount of sales (gross) and not the entire amount of liability during the year.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Income-tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income

Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

In the year in which the Minimum Alternate tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note issued by the ICAI, the said asset is created by way of credit to the Profit & Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the period.

Retirement and other employee benefits

Retirement benefits to employees comprise payments for gratuity, leave encashment and provident fund. Contributions to provident fund are charged to the profit and loss account as incurred. The liability for gratuity and leave encashment is provided for based on valuation by an independent actuary at the year end.

Sales promotion items

Sales promotion items are valued at cost or net realizable value, whichever is lower. Cost is ascertained on First-in-First out (‘FIFO’) basis and includes all applicable costs incurred in bringing goods to their present location and condition.

Provisions

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

Excise duty

Excise duty on turnover is reduced from turnover. Excise duty relating to the difference between the opening stock and closing stock is recognized as income/expense as the case may be, separately in the Profit and Loss account.

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to market risk from changes in commodity prices and foreign exchange rates.

Commodity Price Risk

We are exposed to the risk of fluctuation in the prices of commodities such as HDPE and saw dust. We currently do not have any hedging mechanisms in place in respect of any of the commodities we purchase.

Exchange Rate Risk

We face exchange rate risk owing to our income from exports in currencies other than Indian Rupee, which are subject to fluctuations against the Rupee depending on market conditions. In addition, local prices for HDPE may reflect US dollar exchange rate fluctuations against the Rupee.

Interest Rate Risk

As we have no long-term debt, we are not exposed to any material interest rate risk.

Analysis of Certain Changes

Unusual or Infrequent events or transactions

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years, except as disclosed as extraordinary items and fixed assets in this section.

Significant economic changes

To our knowledge there have been no unusual or significant economic changes that have taken place during the last three years, except as disclosed in the overview to this section.

Known trends or uncertainties

Our business has been impacted and we expect will continue to be impacted by the trends identified above in "Factors Affecting our Results of Operations" beginning on page 171 of this Red Herring Prospectus and the uncertainties described in the section titled "Risk Factors" beginning on page x of this Red Herring Prospectus. To our knowledge, except as we have described in this Red Herring Prospectus, there are no known factors, which we expect to have a material adverse impact on our revenues or income from continuing operations.

Future relationship between expenditure and revenues

Except as described in "Risk Factors", "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages x, 45 and 170 of this Red Herring Prospectus respectively, to the best of our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

Significant regulatory changes

Except as described in the section titled "Regulations and Policies" beginning on page 58, there have been no significant regulatory changes that could affect our income from continuing operations.

New products or business segments

We have no current plans to develop new products or establish any new business segments.

Dependence on few customers

Our business as a consumer business is not dependent on a few customers.

Competitive conditions

Our business has been impacted and we expect will continue to be impacted by the competitive trends identified above in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting our Results of Operations" beginning on page 171 of this Red Herring Prospectus.

SECTION VI: LEGAL, REGULATORY AND STATUTORY DISCLOSURES

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Subsidiary, our Directors, our Promoter or Promoter Group and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions/small scale undertaking(s), defaults against banks/financial institutions/small scale undertaking(s), defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoter or our Directors.

Contingent Liability

As of June 30 2007, the contingent liabilities appearing in our restated unconsolidated financial statements are as follows:

	Rs. million
Particulars	**Amount**
Claims against the Company not acknowledged as debt	12.00
Guarantees given by the Company to banks	3.17
Tax Matters	57.56
Total	**72.73**

Litigation

A. Jyothy Laboratories Limited

Cases filed against Jyothy Laboratories Limited

Criminal Cases

None

Civil and Trademark cases

1. Our Company had purchased an immoveable property from Mrs Mannarammal by a sale deed dated June 13, 1997. The sale deed was executed by Mrs Mannarammal, in person, and was witnessed by her son, Mr G. Narasimhan. No lien or mortgage on this property was found to have been registered. A clear encumbrance certificate was issued in favour of our Company. Indian Overseas Bank ("**IOB**") has since filed an Application No. 27/2005 before the Debt Recovery Tribunal, Chennai (DRT). In its application before DRT, IOB has claimed that it had provided a term loan and bill discounting facilities amounting to Rs 1,700,000 to India Metal Enterprises, ("**India Metal**"), a partnership firm. Mr G. Narsimhan, son of Mrs Mannarammal, is stated to be one of the partners of this partnership firm. The loan to India Metal was stated to be secured, among other securities, by allegedly depositing of the title deeds of the above referred immoveable property. Mr G Narasimhan has allegedly deposited with IOB, the title deeds and a forged certificate of death of Mrs Mannarammal, stating that Mrs Mannarammal has expired in 1993. IOB had not registered its lien or mortgage. IOB has asked for an order that the sale deed dated June 13, 1997 in favour of our Company is not valid and that the alleged mortgage in favour of IOB is valid and binding. The matter is currently pending.
2. Ms. Rajeswari Dakishnamoorthi ("**Plaintiff**") has filed O.S. No. 283 of 2002 in the Court of the Principal District Munsif, Erode against the Company, Mr. M. P. Ramachandran and Mr. K. Ullas Kamath (the "**Defendants**") for the relief of declaration and permanent injunction. The Plaintiff has alleged that the Defendants have appointed another super stockist cum distributor and do not intend to co-operate with the Plaintiff for the conduct of the business as per agreed terms and are hence in breach of contract. The Plaintiff has asked the Court to pass a decree in favour of the Plaintiff declaring that the Plaintiff is a super stockist cum distributor of the Defendants as valid and binding in law. The Company accordingly filed its written statement. Subsequently, the Plaintiff filed a

petition under Order 23 Rule 1 (3) and section 151 of the Code of Civil Procedure asking the Court to grant permission to withdraw the suit with liberty to institute a fresh suit on the same cause of action. The Defendants have filed I. A. No. 1330 of 2006 stating that they are willing to accept the withdrawal of the suit by the Plaintiff unconditionally and that a fresh suit cannot be filed as there is no cause of action. Suit allowed to be withdrawn subject to payment of cost of Rs. 1,000/-. Copy of the order awaited.

3. A former employee of the Company, Mr. T. Harshvardhan Babu who was employed as a marketing intelligence assistant filed a petition under section 50 of the A. P. Shops and Establishments Act against the Company asking for payment of compensation for delay in payment of wages. Our Company submitted that the employee had unilaterally decided to stop work from November 4, 2001 and chose to discontinue working for the Company. However, the Company was asked to pay an amount of Rs. 80,850 to the employee. Our Company filed S&E Appeal No. 2 of 2004 against the order. The decision in the S&E Appeal No. 2 of 2004 was purportedly made on June 30, 2006 but communicated to the Company only on November 14, 2006. Aggrieved by this order, the Company has filed Writ Petition No. 25767 of 2006 in the High Court of Judicature of Andhra Pradesh at Hyderabad against the Appellate Authority, A. P. Shops & Establishments Act seeking the issuance of a writ of certiorari and asking that the order be quashed. The High Court has granted an interim relief staying the operation of the order of the Appellate Authority till the final disposal of the Writ Petition. WP 25767 of 2006 was heard on June 22, 2007 by Hon'ble Court and the court has directed JLL to remit Rs. 40,425/- and Mr. Babu is allowed to withdraw the money. Being aggrieved by this, the Company has filed Writ Appeal 587 of 2007 where in the Division Bench has stayed the operation of the order of the Single Judge's order. On October 4, 2007 the writ Appeal came up before the Bench and since notice to Mr. Babu was returned 'unserved' the Division Bench has vacated the earlier stay order. The matter is currently pending.

4. Ujala Industries have filed Case No. 8 of 2002 against our Company and the Registrar of Copyright at New Delhi before the Copyright Board, New Delhi. Ujala Industries claims to have obtained copyright over the word "Ujala" in respect of *neel* and *dhoop* under No. 164893 and 161845 respectively. Ujala Industries has contended that, in 1985 when our Company made an application for copyright registration, Ujala Industries was already using the copyright "Ujala". The Registrar of Copyright did not make proper inquiry under section 45 of the Copyright Act because if this had been done, our Company would not have been allowed to use the word "Ujala". Our Company has filed its reply and the matter is currently pending. Additionally, Ujala Industries had filed Writ Petition No. 608/2002 against our Company and the Registrar of Trademarks in the High Court of Madhya Pradesh at Jabalpur. Ujala Industries has prayed for a writ of certiorari to quash trademark registration number 477244B in class 3, "Ujala", in the name of our Company. The Court by its order dated March 31, 2003 dismissed this writ petition.

5. M/s Elmech Engineering Enterprises a Proprietary concern had filed a Money Suit against JLL before the Hon'ble III Senior Civil Judge, City Civil Court, Secunderabad in OS 832 of 2005. The Suit is for an amount of Rs. 1,05,256/-. The contention of the Plaintiff is that they had delivered certain engineering goods as per the orders placed by JLL. The Plaintiff further alleges that JLL has made payment of only few invoices. JLL has filed its written statement denying the non payments. Further JLL has contended that the plaintiff has not furnished any documents to prove that the Plaintiff has effected delivery of the goods for which payments have not been made. The matter is currently pending.

6. Mr. Pramod Kumar has filed a complaint before the Hon'ble District Consumer Redressal Forum, Dholpur, Rajasthan in OS No: 96 of 2007. The allegation of the complainant is that when the Plaintiff had applied Ujala Supreme in his white shirt as per the instructions provided on the reverse of the bottle, blue patches appeared on his clothes. The Complainant seeks a compensation of Rs. 30,000/- for the mental agony undergone by him. The Company had entered appearance before the Consumer Forum and sought time to file its reply. The matter is currently pending.

III. Tax Cases

Excise Tax

1. The Commissioner, Central Excise and Customs, Calicut issued Show Cause Notice No. 117/2002 dated December 19, 2002 alleging manufacture in case of 'Ujala' and hence classification under sub-heading 3212.90 and alleged suppression of facts with intent to evade payment of duty for invoking the extended period of limitation. It proposed to invoke penal provisions and also charge interest. Three more Show Cause Notices No. 113/03 dated November 22, 2003; No. 33/04 dated

April 30, 2004 and No. 15/05 dated January 24, 2005 were issued on the same lines for subsequent periods. The total amount involved in these is Rs. 90,384,347. Two more Show Cause Notices No. 122/05 dated December 9, 2005 was also issued for later time periods. By an order dated January 27, 2006, The Customs, Excise and Service Tax Tribunal ("**CESTAT**") has vide its Final Order No. 1671 and 1672 allowed Appeal No. 623 and 624 of 2006 filed by our Company against the Order in Original 5 of 2006 of the Commissioner, Central Excise and Customs, Calicut dated October 10, 2006 in respect of Show Cause Notices No. 113/03 dated November 22, 2003; No. 33/04 dated April 30, 2004 and No. 15/05 dated January 24, 2005. Similarly, the CESTAT has allowed the Appeal No. 790 and 791 of 2006 filed by our Company against Order in Original No. 11/2006 of the Commissioner, Central Excise and Customs, Calicut vide Final Order 1821 - 1824 of 2006 dated November 1, 2006. Similarly, the CESTAT has quashed the order of the Commissioner, Central Excise and Customs, Calicut for an amount of Rs. 14,395,128. Our Company has filed a caveat in the Kerala High Court at Ernakulam on November 26, 2006.

2. The Commissioner, Central Excise and Customs, Calicut issued Show Cause Notice No. 97/05 dated October 17, 2005 in respect of the factory at Kolgappara, Wayand district, Kerala demanding duty for the "manufacture" of Ujala. The Commissioner of Central Excise, Calicut passed Order in Original No. 12/2006 dated March 28, 2006 confirming the demand of Rs. 30,841,067 as proposed in the show cause notices. Our Company has filed Appeal No. 792 and 793 of 2006 before the CESTAT for setting aside the Order in Original. Further, our Company has made an application under Section 35F of the Central Excise Act, 1944 as well as under the inherent jurisdiction of the CESTAT praying for stay on the operation of the Order of the Commissioner of Central Excise, Calicut Commissionerate, Calicut, waiver of pre-deposit of duty of Rs. 30,841,067 and penalty of Rs. 30,841,067, stay on their recovery pending disposal of the appeal and the grant of a personal hearing. The CESTAT has by its Final Order No. 1821 to 1824 of 2006 dated November 1, 2006 quashed the order of the Commissioner of Central Excise, Calicut.

   Our Company had received Show Cause Notice 89/06 dated October 30, 2006 in respect of the factory at Kandanaserry and Show Cause Notice 40/06 dated May 3, 2006 in respect of the factory at Kolagappara. The Commissioner of Central Excise, Calicut has dropped the proceedings initiated by these show cause notices by his Order in Original 1/2007 dated January 23, 2007 stating that since the CESTAT has already given a decision on the issue and set aside the order passed in this regard by the Commissioner of Central Excise, Calicut, the present proceedings on the same issue for subsequent periods cannot be sustained.

3. Our Company manufactures HDPE containers which are used at Pondicherry and other places as packing materials. Our Company calculated the assessable value of the HDPE containers to be 110% of the cost of production or manufacture of such goods. The Deputy Commissioner of Central Excise permitted the removal of the goods on the basis of the provisional assessment for the period April 1, 2004 to March 31, 2005 vide provisional assessment no. 600 dated June 21, 2004. There was a short payment of duty for the period from April 1, 2004 to October 31, 2004 to the tune of Rs. 828,093 and Rs. 10,731 (education cess) and excess payment during the period from November 2004 to March 2005 to the tune of Rs. 636,133 and Rs. 12,723 (education cess). Our Company submitted that the excess payment made by us may be adjusted against the short payment that was made. By an Order no. 60/2005 dated October 31, 2005, the Assistant Commissioner of Central Excise Division II, Pondicherry held that it is not permissible in law for across the board adjustment and our Company is under an obligation to make good the short payment and thereafter to seek refund for excess payment in terms of section 11 B of the Central Excise Tariff Act after production of documentary evidence to prove that the incidence of duty paid in excess was borne by them and not passed on. It was held that the excess payment of Rs. 648,856 cannot be refunded to our Company on the ground of unjust enrichment and that the sum of Rs. 3,13,688 being the differential duty during the period April 1, 2004 to October 10, 2004 with interest is payable. Our Company filed Appeal No. 6 of 2006 with the Office of the Commissioner of Central Excise (Appeals), Chennai. In Order-in-Appeal No. 112/2006 dated December 27, 2006, the Commissioner of Central Excise (Appeals), Chennai upheld the original Order. Our Company has now filed an appeal with the CESTAT, Chennai.

4. The Office of the Assistant Commissioner of Central Excise, Pondicherry has issued a show cause notice No. V/STC/30/18/2005 dated February 5, 2007. Our Company had leased blow moulding machines to Shri Krishna Plastics, Pondicherry as per an agreement dated March 31, 1999 for the period from August 2002 to March 2003. According to the show cause notice, as per the provisions of section 65 of the Finance Act, 1994 equipment leasing and hire purchase by a body corporate is a taxable service. While our Company had collected the lease amount to the amount of Rs. 320,000

from Shri Krishna Plastics, it did not pay service tax at the rate of 8% which amounts to Rs. 25,600. Our Company has been asked to show cause to the Assistant Commissioner of Central Excise, Pondicherry III Division, Pondicherry. The Company has accordingly the reply, against this Assistant Commissioner ride order 52 of 2007 dated May 30, 2007 has confirmed the demand raised. Our Company has now filed an appeal before the Commissioner (Appeal), Chennai.

5. Our Company manufactures HDPE containers of 75 ml capacity without cap and stopper. Our Company obtained HDPE containers from the unit at Bhubaneswar at a cost of Rs. 0.70 per container. The Assistant Commissioner of Central Excise (Pondicherry), in Order No. 51/2000 dated May 25, 2000, under the impression that our Company produced the container along with the cap and stopper, adopted the price of the containers supplied by the Mumbai unit at Rs. 0.80 per container for valuation of the goods manufactured by our Company at a comparable price under Rule 6(1)(b) of the Central Excise (Valuation) Rules, 1975. The Assistant Commissioner of Central Excise (Pondicherry) had agreed to permit and adjust Rs.0.183 per container towards octroi and an adjustment of Rs. 0.0593 towards the electric charges per container. Our Company submitted that there is a price variation of 10 paise between the cost of the container purchased from Mumbai with the cap and stopper and the cost of the container purchased from the Bhubaneswar unit without cap and stopper (the containers manufactured by our Company were without cap and stopper), and requested the Assistant Commissioner of Central Excise (Pondicherry) to take the comparable value by reduction of 10 paise which was not conceded by the Assistant Commissioner of Central Excise (Pondicherry). The Assistant Commissioner of Central Excise (Pondicherry) adopted the comparable price at Rs.0.7223 and demanded a differential duty of Rs. 471,706 for clearance of the goods from June 2, 1996 to February 29, 2000 and held that our Company had failed to show evidence that the HDPE containers received at the rate of Rs. 0.70 per piece were without cap and stopper. The Office of the Commissioner of Central Excise (Appeals), Chennai in Order-in-Appeal No. 423/2003 dated August 1, 2003 upheld the order of the Assistant Commissioner of Central Excise (Pondicherry).

   Our Company has filed an appeal against the order of the Commissioner of Central Excise (Appeals), Chennai in Order-in-Appeal No. 423/2003 dated August 1, 2003 before the CESTAT, Chennai. The matter is currently being heard.

6. Our Company manufactures HDPE containers falling under CSH 3923.90 of the Central Excise Act, 1944. The Department of Central Excise issued a notice for valuation of goods under Rule 8 of the Valuation Rules 2000. The Assistant Commissioner of Central Excise, Pondicherry in Order-in-Original no. 36/2002 dated July 31, 2002 confirmed the demand of Rs. 221,876 stating that since our Company had cleared raw materials for job work and received the proposed goods, the value of the HDPE containers manufactured and consumed in the factory should be determined based on Rule 8 of the Valuation Rules 2000 by adding 15% notional margin.

   The Commissioner of Central Excise (Appeals), Chennai in Order-in-Appeal No. 314/2003 (P) dated July 11, 2003, set aside the order passed by the Assistant Commissioner of Central Excise, Chennai in Order-in-Original no. 36/2002 dated July 31, 2002. The Assistant Commissioner of Central Excise, Pondicherry has filed an appeal against Order-in-Appeal No. 314/2003, dated July 11, 2003 passed by the Commissioner of Central Excise (Appeals), Chennai passed against Order-in-Original no. 36/2002 dated July 31, 2002. The matter is currently pending.

7. Our Company is engaged in the manufacture of HDPE containers and closures falling under Chapter sub heading No. 3923.90 of the First Schedule to the Central Excise Tariff Act, 1985 and we also produce liquid blue under the brand name “Ujala”, which is not excisable. The HDPE containers are captively consumed by our Company. Our Company avails credit of duty paid on inputs used in the manufacture of the said containers and closures as provided in Cenvat Credit Rules, 2004. As the final product is not excisable, our Company pays the duty on the intermediate product, namely, HDPE containers and closures on the basis of the value determined under section 4 of the Central Excise Act, 1944. In terms of section 4(1) (b) of the Central Excise Act, 1944 read with Rule 8 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000, the assessable value of the goods should be 110% of the cost of production of the goods. The deputy Commissioner permitted removal of the goods on the basis of the provisional value for the period from April 1, 2005 to March 31, 2006. Based on the cost data furnished by our Company and after adding 10% to the cost of production the actual duty payable was worked out. It was found that the differential duty paid short by our Company works out to be Rs. 271,075 (BED) and Rs. 5,421 (education cess) for the period from April 1, 2005 to March 31, 2006. Further, an excess amount of Rs. 276,498 was paid by our Company. The Assistant Commissioner of Central Excise, Division II,

Pondicherry vide Order in Original No. 24/2006 dated November 30, 2006 ordered that our Company, for the period from April 1, 2005 to March 31, 2006, pay the differential duty of Rs. 271,075 (BED) and Rs. 5,421 (education cess) along with interest on the amount under Rule 7(4) of the Central Excise Rules, 2004 read with section 11AB of the Central Excise Act, 1944. The Assistant Commissioner of Central Excise, Division II, Pondicherry also stated that our Company is not entitled for the refund of excess amount of Rs. 276,498 since our Company has passed on the incidence of duty to the ultimate consumer and the same is required to be credited to the Consumer Welfare Fund in terms of Rule 7(b) of the Central Excise Rules, 2004 read with section 11B (2) and 12C (2)(a) of the Central Excise Act, 1944. Our Company has filed an appeal against the impugned order before the Commissioner, Chennai. The matter is currently pending.

8. The Deputy Commissioner, Central Excise and Customs Division, Pithampur issued a Show Cause No. IV (16) 3079/06-07/ST/CIII dated April 6, 2006 to our Company demanding service tax of Rs. 319,016 and education cess of Rs. 6,380 under section 73 of the Finance Act, 1994. The show cause notice stated that service tax of Rs. 79,790 and education cess of Rs. 1,634 already paid should be appropriated against the demand and demanded a differential service tax of Rs. 239,226 and education cess of Rs. 4,746 along with interest at an appropriate rate under section 75 of the Finance Act, 1994 read with Notification No. 26/2004-ST dated September 10, 2004 and penalty under sections 76 and 78 of the Finance Act, 1994 for non payment of service tax and suppressing value of taxable service. The show cause notice alleged that as our Company was not a goods transport agency service provider, and thereafter the benefit of notification no. 32/2004 ST was not available to our Company and that the incorrect availment of exemption of 75% of the gross value has resulted in short payment of service tax of Rs. 239,226 and education cess of Rs. 4,746. Our Company has filed a reply on April 27, 2006. The Department vide its order in original No 54 to 61/DC/ST/PTH/07 dated August 17, 2007 had dropped the proceedings initiated against the Company.

9. The Deputy Commissioner, Central Excise Division, Pithampur issued a show cause notice No. IV (16) 30-91/06-07/Tech-Adj/CX/Pith/5360 dated August 3, 2006 to our Company. It was alleged that during the audit of our Company’s unit it was observed from the scrutiny of the reconciliation report that there was a shortage in the quantity of inputs and final products. It was contended that the finished goods are converted into scrap. The Cenvat credit involved on such inputs used in the manufacture of the finished goods is not admissible under the provisions of Rule 3 of the Cenvat Credit Rules, 2004 and that our Company has to reverse the cenvat credit involved in finished goods and raw materials all not being used in the manufacture of finished goods in terms of the Cenvat Credit Rules, 2004. The show cause notice demanded recovery of the Cenvat Credit of Rs. 103,509 in terms of Rule 14 of the Cenvat Credit Rules, 2004 read with proviso to section 11A of the Central Excise Act, 1944 and demanded a penalty in terms of Rule 15(4) of the Cenvat Credit Rules, 2004 read with section 11AC of the Central Excise Act, 1944 for contravention of rule 11 of the Central Excise Rules, 2002 and rule 3 of the Cenvat Credit Rules, 2004. Our Company has filed a reply on September 14, 2006. The matter is currently pending.

10. Our Company is availing itself of the service of a goods transport agency. The Assistant Commissioner of Service Tax issued a show cause notice no. 32/2006 dated October 18, 2006 stating that for the period from April 1, 2005 to March 31, 2006, our Company was availing the benefit of Notification no. 32/2004 ST dated December 3, 2004 and thereby paid service tax only on the 25% of the gross amount charged by a goods transport agency for the taxable services in terms of the said notification. The show cause notice alleged that our Company availed itself of the exemption incorrectly because the exemption provided under notification no. 32/2004 is meant only for a goods transport agency and the benefit is not available to the persons who are liable to pay the service tax in terms of Notification no. 35/2004. The show cause notice alleged that our Company has contravened the provisions of section 68 of the Finance Act, 1994 read with Rule 6 of the Service Tax Rules, 1994 because our Company has failed to pay the correct service tax dues. Our Company is also liable for penalty under section 76 of the Finance Act, 1994. A demand for the service tax of Rs. 462,143 along with interest and education cess was raised. A penalty was also sought to be imposed under section 76 of the Finance Act, 1994 for failure to pay service tax and education cess on the due dates. Our Company has filed a reply on October 6, 2006. The Office of the Assistant Commissioner of Service Tax, Chennai has passed an order-in-original No. 54/2007 clarifying that any person who is liable to pay service tax is entitled to avail the benefit of Notification No. 32/2004 ST and hence the proposals in the show cause notice shall be accordingly dropped.

Income Tax

1. The Deputy Commissioner of Income Tax, Central Circle—8, Mumbai passed an assessment order under section 158 BC(c) of the Income Tax Act for the block period April 1, 1990 to November 3, 2000 against our Company. The Office of the Commissioner of Income Tax (Appeals) Central II, Mumbai in Appeal No. CIT (A) C-II/IT-90/2002-03 dated March 22, 2004 partly allowed an appeal by our Company against the order of the Deputy Commissioner of Income Tax. The income first assessed by the assessing officer was Rs. 5,224,470 of which Rs. 4,420,465 was waived by the Commissioner of Income Tax (Appeals) and a demand for the balance amount of Rs. 804,000 was raised. Our Company has filed an appeal against the order of the Commissioner of Income Tax (Appeals) with the Income Tax Appellate Tribunal on May 21, 2004. This appeal is currently pending.
2. The Deputy Commissioner of Income Tax, Central Circle—8, Mumbai passed an order under section 271(1) (c) of the Income Tax Act against our Company imposing a penalty of 4,885,695 for furnishing inaccurate particulars of income. The Commissioner of Income Tax (Appeals) Central—II on an appeal filed by our Company cancelled the penalty relating to deduction under sections 80IA and 80IB but confirmed the penalty relating to disallowance of share issue expenses. The penalty has thus been reduced from Rs. 4,885,695 to Rs. 1,648,080. Our Company has filed an appeal against the order of the Commissioner of Income Tax (Appeals) with the Income Tax Appellate Tribunal which is currently pending.

Sales Tax

Bhubaneshwar

1. An assessment order has been issued by the Sales Tax Officer, Bhubaneshwar for assessment year 2001-2002 stating that the total amount as calculated by the department including surcharge is Rs. 790,392 and asking our Company to pay the total amount. Our Company preferred an appeal against the assessment order but the appellate authority confirmed the demand raised by the Sales Tax Officer. Being aggrieved by this our Company preferred a second appeal before the Office of the Commissioner of Commercial Taxes. The Office of the Commissioner of Commercial Taxes in its order dated October 30, 2006 directed our Company to pay a total of Rs. 500,000 in two equal installments and on production of proof of the payment before the Sales Tax Officer, the realization of the balance amount shall be stayed till disposal of the appeal. Our Company has paid this amount and the appeal is currently being heard.

Orissa

1. An assessment order dated May 31, 2007 for the year 2001-2002 was passed by the Sales Tax Officer, Bhubaneswar under the Central Sales Tax (Orissa) Rules, 1957 raising a demand of Rs. 6,227,621 against our Company. Relying on the scrutiny report the deduction in respect of branch transfer of goods amounting to Rs. 63,800,114 claimed by our company during the period 2001-2002 was rejected and charged to tax by the said order.
2. An assessment order dated May 31, 2007 for the year 2002-2003 was passed by the Sales Tax Officer, Bhubaneswar under the Central Sales Tax (Orissa) Rules, 1957 raising a demand of Rs. 4,996,756 against our Company. Relying on the scrutiny report the deduction in respect of branch transfer of goods amounting to Rs. 52,048,587 claimed by us during the period 2002-2003 was rejected and charged to tax by the said order.
3. An assessment order dated March 31, 2006 for the year 2003-2004 was passed by the Sales Tax Officer, Bhubaneswar under the Central Sales Tax (Orissa) Rules, 1957 raising a demand of Rs. 1,644,156.00 against our company. The deduction in respect of branch transfer of manufactures items for Rs. 6,283,800 and traded materials for Rs. 5,261,871 claimed by our company during the period 2003-2004 was rejected and charged to tax by the said order.

Assam

1. The Superintendent of Commercial Taxes on July 27, 2007 issued a demand notice in FORM 25 of Assam Value Added Tax Rules, 2005 from the Commercial Tax department for the Assessment Period 2005-06 to our Company. The demand raised is Rs. 4,209,343 being differential tax and Rs. 1,164,096 towards interest calculated @ 15% per month. The dispute is regarding rate of Taxation on sale of Ujala Supreme. The contention of the Department is that Ujala Supreme is taxable at the rate of 12.5%. But the company had been paying tax at the rate of 4% under Entry 114, Part C,

Second Schedule of Assam Value Added Tax. The Company had immediately filed an appeal against the order before the Appellate Authority. The Appellate Authority vides its Order dated September 27, 2007 had stayed the operation of the order of the Assessing Authority till the final disposal of the appeal.

Tamil Nadu

1. Our Company was asked to pay penal interest amounting to Rs. 978,241 under section 24(3) of the Tamil Nadu General Sales Tax Act, 1959 by the Commercial Tax Officer, Manali Assessment Circle for delay in payment of additional sales tax of Rs. 4,354,234.50 in the assessment year 2000-2001. Our Company has filed an appeal against the levy before the Tamil Nadu Special Tribunal, Chennai. Since the Special Tribunal has been abolished, the appeal is currently being heard by the High Court at Chennai.
2. Our Company was asked to pay penal interest amounting to Rs. 978,241 under section 24(3) of the Tamil Nadu General Sales Tax Act, 1959 by the Commercial Tax Officer, Manali Assessment Circle for delay in payment of additional sales tax of Rs. 4,354,234.50 in the assessment year 2000-2001. Our Company filed an appeal against the levy before the Tamil Nadu Special Tribunal, Chennai. Since the Special Tribunal has been abolished, the appeal was transferred and heard by the High Court at Chennai as Writ petition. The High Court allowing the writ petition has set aside the levy of penal interest on our Company in absence of substantive provisions.

Rajasthan

1. The Assistant Commissioner, Anti Evasion Department, Commercial Tax, Jaipur on July 24, 2007 issued a demand notice in FORM 17 of Rajasthan Value Added Tax to our Companny. The dispute is regarding the rate of taxation for Maxo - Mosquito Coils, Liquid Vaporizer and Spray. The Departments contention is that the products are mere “Mosquito Repellants” and do not fall under the category of Insecticide. Further the department is interpreting the Entry in Schedule IV viz Entry 21 highlighting the decision of Hon’ble Supreme Court in another case Sree Durga Distributors [(2007) 7 VAT Reporter Part 11 Page 159] wherein the Supreme Court had interpreted Entry 5 in Schedule I relating to Animal Feed and Feed Supplements. The Department is correlating Entry 21 of Schedule IV with the decision of the Supreme Court in as much as interpreting that the word “Insecticide” referred in the entry is qualified by the words “Bio-Fertilizers and Micronutrients”. Department had issued a notice dated May 8, 2007 for all the quarters seeking clarification why our Company was not paying 12.5% for MAXO and raised a demand for the differential tax for an aggregate amount (without computing the 4% tax paid by JLL) amounting to Rs. 7,791,551. The Company immediately preferred an appeal before the Appellate Authority and filed an application for stay of the operation of the order. The Appellate Authority vide its order dated September 18, 2007 had stayed the operation of the order of the Assessing Authority subject to our Company furnishing adequate security to the satisfaction of the Authority. Our Company had furnished two surety bonds as directed by the Assessing Authority in compliance with the order of the Appellate Authority. The matter is currently pending for hearing.

Gujarat

1. An assessment order for the year 2003-2004 was passed by the Deputy Commissioner of Sales Tax under the Gujarat Sales Tax Act, 1969 for a total amount of Rs. 1,458,370. The Commissioner of Sales Tax classified Jeeva Ayurvedic soap under entry 176 of Schedule II A relating to toilet soap and liable to 12% tax by rejecting the contention of our Company of taxing the same @ 8% by treating the same as liable to tax under entry 94(i) of Schedule II A to the Act relating to drugs and medicines. Our Company has paid an amount of Rs. 284,674 against the demand of Rs. 1,458,370 and has raised a bank guarantee for Rs. 1,173,696 and has filed an appeal before the Joint Commissioner of Sales Tax which is currently being heard. The Gujarat Value Added Tax Tribunal allowing the second appeal by its order dated 23rd July 2007 has set aside the impugned assessment and appellate order requiring our company to pay tax and penalty. The Tribunal has held that Jeeva Ayurvedic soap is liable to be taxed in accordance with entry 94(1) Schedule II part A of the Gujarat Sales Tax Act, 1969.

Kerala

1. The Assistant Commissioner, by a show cause notice no. J32080235512/2005-06 dated April 25, 2006 asked our Company to pay tax at the rate of 12.5% on Ujala and Ujala Stiff and Shine instead

of 4% as had been paid. A demand for an additional payment of Rs. 11,914,119 was made by the Assistant Commissioner (Audit Assessment) for 2005-2006 on account of difference in rates of tax, interest and penalty. Our Company also received a notice dated October 30, 2006 under section 67(2) of the Kerala Value Added Tax Act, 2003 proposing imposition of penalty of Rs. 19,146,654 for delay in payment of Rs. 11,914,119 on the sale of Ujala and Ujala Stiff and Shine. Against the demand, our Company has filed an appeal along with a stay application before the Deputy Commissioner (Appeals). The Deputy Commissioner (Appeals) rejected the stay application and our Company filed Writ Petition No. 28912/2006 against the order of the Deputy Commissioner (Appeals) rejecting the stay application. The High Court dismissed the Writ Petition filed by our Company. Our Company filed Writ Appeal No. 2098/2006 against the order dismissing the Writ Petition. The High Court in its order in Writ Appeal No. 2098/2006 dated November 29, 2006 directed our Company to pay an amount of Rs.5 million in two equal monthly installments of Rs. 2.5 million each before February 28, 2007 and stayed the collection of balance tax, interest and penalty until the disposal of the appeal by the Appellate Authority. Our Company has paid Rs. 5 million and the appeal is being currently heard by the Deputy Commissioner (Appeals).

Pithampur

1. Our Company has received a notice of demand and an order for total amount of Rs. 248,950 as entry tax towards purchase of plant and machinery. Our Company has already paid Rs. 29,000 and has filed an appeal under section 61 alleging that the ACTO, Circle No.1, Dhar, has wrongly assumed that our Company is engaged in the business of manufacturing and sale of detergent and therefore levied entry tax on the purchase of plant and machinery for assessment year 2002-2003. The matter is currently pending.

Bihar

1. Our Company has filed an appeal before the Joint Commissioner of Commercial Taxes (Appeals), Muzaffarpur against the penalty order dated November 27, 2003 passed under section 31(3) of the Bihar Finance Act, 1981 by the CTO, Gopalganj Circle, Gopalganj, imposing a penalty of Rs. 103,511.43 on the value of the transported goods even though the goods were dispatched with required papers and documents and hence there was no violation of section 31(2b) of the Bihar Finance Act, 1981. The matter is currently being heard.
2. Our Company has filed an appeal before the Joint Commissioner of Commercial Taxes (Appeal), Patna against the penal order dated November 16, 2004 passed under sections 16(8) and 16(9) of the Bihar Finance Act, 1981 by the CTO, Paltiputra Circle, Patna imposing a penalty of Rs. 91,890 and rejecting a rebate under section 16(10) for Rs. 50,000 and hence asking for a total amount of Rs. 141,890 for late submission of return and payment. The matter is currently being heard.
3. Our Company has filed an appeal before the Joint Commissioner of Commercial Taxes (Appeal), Patna against the assessment order dated July 4, 2003 passed under section 17(3) and 16(9) of the Bihar Finance Act, 1981 by the CTO, Pataliputra Circle, Patna levying tax and penalty of Rs. 428,214 against the admitted tax of Rs. 3,976,501. The matter is currently pending.
4. Our Company has filed an appeal before the Joint Commissioner of Commercial Taxes (Appeals), Patna against the order passed by the Commercial Tax Officer, Patliputra Circle dated April 17, 2007. The tax department has raised a demand of tax stating that the Company had been paying tax at the rate of 4 % for Ujala liquid fabric whitener, whereas the tax payable by the Company was 12.5 % as per the residual entry in the Bihar value added tax legislation. The tax department has demanded the differential amount along with penalty and interest. The demand raised by the department includes a tax liability of Rs. 5,189,934.12 and a penalty of being Rs. 15,569,802.36. The appeal is currently pending.

Andhra Pradesh

1. Our Company has filed an appeal before the Appellate Deputy Commissioner of Commercial Taxes, Punjagutta Division, Hyderabad against the final sales tax assessment order passed by the CTO, Marredpally Circle, Hyderabad in respect of the assessment years 2001 to 2003 and against the provisional sales tax assessment order passed by the CTO, Marredpally Circle, Hyderabad in respect of the assessment year 2003-2004. The main issue involved is the liability of our Company to pay taxes under section 5AA of the Andhra Pradesh Sales Tax Act, 1956 and the total amount involved is Rs. 1,087,506. The matter is currently pending.

2. A notice dated July 26, 2006 has been issued against our company by the Superintendent of Taxes, Central VAT Audit Cell, for assessment year 2005-2006. The total tax liability of the company as calculated by the department was Rs. 8,386,103 out of which our company has already paid Rs. 4,176,760. Our company is directed to make payment of outstanding tax amount of Rs. 4,209,343 along with interest at the rate of 1.5% per month for the period May 1, 2005 to March 31, 2006.

West Bengal

1. The Assistant Commissioner of Sales Taxes, Corporate Division, Kolkatta had passed an Order on June 20, 2006 for 4th quarter ended assessment period March 31, 2004 and issued a demand notice as per West Bengal Sales Tax Rules, 1995 to our Company. The Assessment order was received by our Company on August 29, 2006. The demand raised by the Department is Rs. 734,774. The Demand was raised since certain 'F' Forms were not available with the Department at the time of Assessment. The Department had enhanced the determined Gross Turnover at Rs. 321,012,302 as per Best Judgement method. Further the Department had assessed taxable specified purchase at Rs. 200,000. The Company had immediately filed an appeal against the order before the Appellate Authority on October 12, 2007 before the Deputy Commissioner, Corporate Division, Kolkatta. The matter is currently pending.

D. Associated Industries Consumer Products Private Limited

There are currently no outstanding litigation/disputes relating to AICPL.

Cases filed by Jyothy Laboratories Limited

I. Criminal Cases

1. Our Company filed a complaint in Pulwaria against Mr. Ratnesh Kumar Gupta for manufacturing and selling duplicate Ujala wherein Mr. Ratnesh Kumar Gupta was found guilty. Being aggrieved by this, he filed a Criminal Revision Petition and filed a counter case against our Company and some of our employees. Our employees filed bail applications and executed bail bonds. Our Company has filed a petition under Section 482, Criminal Procedure Code along with a stay application before the Patna High Court for quashing the complaint filed by Mr. Ratnesh Kumar Gupta. The Court has not yet begun hearing this case.
2. Our Company filed a complaint against Mr. D.K. Singh accusing him of manufacturing and selling duplicate Ujala. On the basis of our complaint, Police authorities conducted a raid on September 18, 2005 and seized various goods from his premises. Two FIRs were lodged against him bearing Nos. 645 and 646 dated September 18, 2005 and Mr. D. K. Singh was booked under relevant provisions of the Indian Penal Code as well as the Trademarks Act. Based on an undertaking filed by the accused before the Court stating that in future he will not undertake the business of selling duplicate Ujala, the Court both parties to file a compromise petition. Our Company has now filed a petition in the District Court, Ambikapur to withdraw the matter.
3. Our Company filed a complaint against Mr. Sasi Bhushan Kumar accusing him of manufacturing and selling duplicate Ujala. On the basis of our complaint, Police authorities conducted a raid at his premises and seized certain goods. FIR No. 142 of 2005 dated July 19, 2005 was lodged and Mr. Sasi Bhushan Kumar was booked under the relevant provisions of the Indian Penal Code and the Trademarks Act. The matter is pending before the District Court, Raipur.
4. Based on a complaint filed by our Company against Mr. Dinesh Bhagat and two others, the Police conducted a raid and found that the accused were selling duplicate Ujala. Subsequently, an FIR was lodged on June 15, 2005. The accused submitted that he had bought the products from persons claiming to be the representatives of our Company. On the basis of an undertaking given by the accused, a Compromise Petition (T. R. Case No: 1223 of 2007) has been filed which is pending for consideration by the Chief Judicial Magistrate Court, Dumka.
5. Based on a complaint filed by our Company against Mr. Lallu, the Police authorities conducted a raid and found that the accused was selling duplicate Ujala. FIR No. 95 of 2005 was lodged on June 18, 2005 and Mr. Lallu was booked under the relevant provisions of the Indian Penal Code and the Trademarks Act. The matter is currently pending before the Court of the Judicial Magistrate, Pokhar.
6. Based on a complaint filed by our Company against M/s R. S. Traders, M/s Amardas & Sons and M/s Arora Plastic, the Police authorities conducted a raid and found that the accused were selling

duplicate Ujala. FIR No. 06 of 2006 was lodged on January 11, 2006 and the accused were booked under the relevant provisions of the Indian Penal Code and the Trademarks Act. The matter is currently pending before the Court of the First Judicial Magistrate, Amritsar.

II. Civil and Trademark Cases

1. Our Company has filed O.S. No. 147 of 1998 in the District Munsif Court at Ponneri against Mr. Bhawarlal Gothi and Mr. M. Chandran ("**Defendants**"). Our Company had purchased several properties at Sembilivaram village for construction of a factory and has executed a sale deed for the property. Our Company has been in possession and enjoyment of the property since the purchase of the property. Our Company has submitted that the Defendants made attempts to trespass and prevent fencing work being undertaken at the site. The Defendants have denied the title of our Company to the property and have tried to prevent our Company from proceeding with work at the property. Our Company has asked the Court to grant a permanent injunction restraining the Defendants from interfering with our Company's peaceful possession and enjoyment of our property. The District Munsif Court has allowed O.S. No. 147 of 1998 and granted an injunction in our Company's favour. The Defendants have filed an appeal A.S. No. 37 of 2005 before the Subordinate Judge at Ponneri. The matter is currently being heard.

2. Mr. M.P. Ramachandran and our Company ("**Plaintiffs**") have filed Suit No. 3462 of 2006 in the High Court of Judicature at Bombay for an order of perpetual injunction against Oswal Oils and Chemicals from infringing the Plaintiffs' registered trademarks bearing no. 477244-B in Class 3 and No. 833590 in Class 2 by using the same in relation to liquid blue or whitening agent or similar goods the impugned "Ujala" label or any other deceptively similar label. The Court passed an ex-parte ad interim order of injunction against Oswal Oils and Chemicals on December 15, 2006 in Notice of Motion No. 4387/2006. The matter is currently pending.

3. Mr. M.P. Ramachandran and our Company ("**Plaintiffs**") have filed Suit No. 348 of 2007 against Krishna Chemical Works asking that Krishna Chemical Works and its agents, partners etc. be restrained by a permanent order and injunction of the Court from infringing the Plaintiff's registered trademark bearing no. 477244-B in Class 3 and no. 833590 in Class 2 in relation to liquid blue or whitening agent or similar goods i.e. the trademark "Ujala", damages and that Krishna Chemical Works be ordered to deliver to the Plaintiffs the material for destruction of the labels, wrappers, bottles etc. The Court passed an ex-parte ad interim injunction order against Krishna Chemical Works on February 13, 2007 and appointed a Court Receiver. However, our Company has signed a consent term with Krishna Chemical Works whereby Krishna Chemical Works have stated that they had unknowingly used the expression "Ujala" and will withdraw with immediate effect.

4. Mr. M. P. Ramachandran and our Company filed Civil Suit No. 558/2001 against Ujala Industries, Subhash Kankane, Mahendra Kankane and Ultra Agencies ("**Defendants**") for the infringement of our trademark by manufacturing and selling a product deceptively similar to our product before the High Court of Judicature at Calcutta asking for a perpetual injunction as well as damages. By an order dated October 19, 2001, the Court passed an order of injunction restraining the Defendants. The Defendants filed Appeal No. APOT 247/2002 which was dismissed by the Court. The Defendants filed Special Leave to Appeal (Civil) 15632/2002 before the Supreme Court which was dismissed by an order dated February 19, 2002. The interim injunction order is currently in force. The matter is pending.

5. Ujala Industries is a partnership firm carrying on business of manufacturing and marketing ultramarine blue (*neel*), incense (*dhoop*) and other products under the name and style of M/s Ujala Industries in Madhya Pradesh. Ujala Industries is the registered proprietor of the mark "Ujala" in relation to *neel* and *dhoop* under the Trade and Merchandise Marks Act, 1958. They are also the owners and registered proprietors of the original artistic work under the brand name "Ujala" under the Copyrights Act, 1957 under no. A-55966/99. Ujala Industries filed a Rectification Petition to rectify the register in respect of registered trade marks no. 477244 in Class 3 registered in the name of our Company. Ujala Industries has contended that the trademark "Ujala" has been registered fraudulently in contravention of the provisions of sections 9, 11(a), 11(e), 12(1) and 32(a)(b)(c) of the Trade and Merchandise Marks Act, 1958 and that in view of Ujala Industries' prior use, registration/copyright, Ujala Industries are the proprietors of the trademark and hence provisions of section 33 of the Trade and Merchandise Marks Act, 1958 are attracted.

   The Joint Registrar of Trademarks, Mumbai in its order dated May 31, 2004 in the rectification proceedings vide Opposition No. BOM-8795 to Application No. 477244 B in Class 3 dismissed the rectification petition of Ujala Industries. Ujala Industries has filed an appeal before the Intellectual

Property Appellate Board against the order of the Joint Registrar of Trademarks, Mumbai dated May 31, 2004 in the rectification proceedings vide Opposition No. BOM-8795 to Application No. 477244 B in Class 3 asking for the rectification petition to be restored. By order no. 12/2007 dated February 2, 2007, the Intellectual Property Appellate Board has dismissed the appeal for non-prosecution without an order as to costs.

6. Mr. M.P. Ramachandran and our Company ("**Plaintiffs**") have filed suit no. 3478 of 2004 against Brite Blue Company and others ("**Defendants**") in the High Court of Judicature at Bombay asking for an order of perpetual injunction restraining the Defendants and their agents, dealers and traders from infringing the copyright of the plaintiffs in the artistic work "Ujala" label by either reproducing, publishing or using the Ujala bottle or label or any other bottle or label which is a colourable imitation or reproduction of the plaintiff's artistic work and from infringing the Plaintiffs' registered trademark bearing no. 477244B in Class 3 by using in relation to liquid blue or whitening agent and from manufacturing, selling distributing, exhibiting for sale a whitening agent bearing the Ujala label. Our Company obtained on ex parte ad interim order against the Defendants on November 9, 2004. Our Company has filed Appeal No. 166 of 2006 against the order of a single judge dated January 12, 2006 wherein the judge did not confirm the ex parte ad-interim order dated November 9, 2004 in Notice of Motion No. 3532/2004. An ad-interim order was passed on April 10, 2006 in Notice of Motion No. 851 of 2006 which shall continue till further orders.

7. In January, 2006 our Company came to learn that the Defendants are manufacturing and/or selling liquid blue, whitening agent under a trademark almost identical to the Company's registered trademark and packed in bottles identical to the Company's Ujala bottle. Our Company filed a FIR with the concerned police station in respect of offences of infringement of copyright and falsification of trade mark. In February 2006, the police submitted a report stating that no offence had been committed. Sunbrite Industries then filed Suit No. 40/2006 before the Tiz Hazari Court, New Delhi against our Company asking for a permanent injunction, declaration and damages against our Company for the alleged violation of their trademark "Ujala". Our Company has filed a written statement. The Court has not yet begun hearing in this matter.

   The Defendants started using their alleged deceptively similar trademark around the same time as the order of the Division Bench of the Bombay High Court dated January 12, 2006. Our Company filed suit no. 1277/2006 against the Defendants in the High Court of Judicature at Bombay. Our Company prayed for permanent injunction, damages, temporary order and injunction pending the final disposal of the suit and appointment of receiver. The Court vide its order dated May 4, 2006 Notice of Motion No. 1483 of 2006 granted ad-interim relief.

   Sunbrite Industries filed Special Leave Petition No. 10253 of 2006 under Article 136 of the Constitution of India against the order dated May 4, 2006 passed by the High Court of Judicature at Bombay in Notice of Motion No. 1483 of 2006 in Suit No. 1277 of 2006. Sunbrite Industries withdrew the Special Leave Petition on November 18, 2006 and the injunction order is currently in force.

8. Mr. M. P. Ramachandran and our Company have filed suit no. 1294 of 2006 in the High Court of Judicature at Bombay against Usha & Sons Industries and Mr. Ratnesh Kumar Gupta for the infringement of our trademark by the manufacture of a whitening agent called "Usha Ujala" which is packed in a manner deceptively similar to our product and have prayed for perpetual injunction as well as damages. By Order No. 1503/2006 dated May 4, 2006, the Court has passed an ad interim injunction and appointed a Court Receiver. The matter is currently being heard.

B. Promoter and Directors

In addition to the cases listed above under A involving our Promoter and Director Mr. M. P. Ramachandran and our Director Mr. K. Ullas Kamath, the following is a summary of the cases involving our Directors:

Mr. M. P. Ramachandran

There are several income tax cases involving Mr. M. P. Ramachandran, our Promoter and Director, which are pending at various levels of adjudication for the past nine assessment years starting from 1997 to 2006:

Assessment Year	Subject of dispute	Amount involved
1997-98	Reimbursement of advertisement expenses	Rs. 34,364,794
1998-99	Reimbursement of advertisement expenses	Rs. 36,923,508
1999-2000	Reimbursement of advertisement expenses	Rs. 82,916,186
2000-01	Reimbursement of advertisement expenses	Rs. 60,996,489
	Addition on account of royalty income	Rs. 19,094,200
2001-02	Addition on account of royalty income	Rs. 39,201,006
2002-03	Addition on account of royalty income	Rs. 31,692,695
2003-04	Addition on account of royalty income	Rs. 26,702,520
2004-05	Addition on account of royalty income	Rs. 19,560,191
2005-06	Addition on account of royalty income	Rs.12,729,477
April 1, 1190 to November 3, 2000 (block period)	Reimbursement of advertisement expenses and addition on account of royalty income $	Rs. 327,057,658

In the above computation of the block period from April 1, 1990 to November 3, 2000, the period from April 1, 1996 to November 3, 2000 is covered twice and hence the amount calculated is higher than the actual demand.

Apart from as discussed above, there is no litigation involving any other Director.

$ Matter has been partly heard on August 14, 2007 and awaiting for decision.

C. Sri Sai Homecare Products Private Limited

The company has received a show cause notice dated October 31, 2006 from the Office of the Commissioner of Customs, Central Excise and Service Tax, Hyderabad for the financial year 2005-2006 in respect of short payment of service tax and education cess in relation to the service "transport of goods by road". The total amount involved is Rs. 54,168. The company has filed a reply on November 29, 2006 and the matter is currently pending.

Additionally, the company has received show cause notices for reassessment under section 148 of the Income Tax Act but the demand involved is nil.

D. Associated Industries Consumer Products Private Limited

There are currently no outstanding litigation/disputes relating to AICPL.

E. Balaji Telebrands

M/s. Balaji Telefilms Limited has received two Cease & Desist notices dated August 6, 2007 and August 25, 2007 in respect of infringement of the registered trademarks 'Telebrands' and passing off as claimed by M/s. Telebrands (India) Private Limited. M/s. Balaji Telefilms Limited has replied to the same and requested for details with regard to the trademark rights. Additionally, M/s. Balaji Telefilms Limited has also clarified in the reply that it did not intend to use 'Telebrands' as a trademark and had no intention of infringement of any trademark. The parties to the dispute are in the process of discussions and intend to amicably settle the dispute.

RECENT DEVELOPMENTS

We acquired the outstanding share capital of Associated Industries Consumer Products Limited ("AICPL") on September 12, 2007 for Rs. 9.7 million. We have also advanced an amount of Rs. 52 million to AICPL to retire all existing financial indebtedness of AICPL, to meet expenses for business operations and immediate capital expenditure requirements. AICPL is a company located in Guwahati, India that manufactures and sells toilet soaps and detergent powders and cakes.

The company was first formed as a sole proprietary firm in the name of 'Associated Industries' of which Mr. Ashok Singhal was the sole proprietor. The firm was engaged in the business of manufacturing and trading of toilet soaps, detergent powders and cakes. It was later incorporated as Associated Industries Consumer Products Private Limited on May 30, 2007. We acquired it from Mr. Ashok Anand Singhal and Mrs. Shilpi Anand Singhal pursuant to an agreement dated September 12, 2007 by which we purchased the entire issued share capital of AICPL, which comprised 970,000 equity shares of Rs. 10 each.

The board of directors of AICPL comprised of Mr. K Ullas Kamath and Mr. T G Pradosh.

Our acquisition of AICPL took place on September 12, 2007 and accordingly, was not consolidated in our reinstated consolidated financial statements.

There are no outstanding litigation/ disputes relating to this company.

For further details, refer section tiled "History and Corporate Structure—Our Subsidiaries" on page 66 of this Red Herring Prospectus.

GOVERNMENT APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the government and various governmental agencies required for our present business and except as mentioned below, no further approvals are pending or required for carrying on our present business.

Approvals for the Offer

1. In-principle approval from the National Stock Exchange of India Limited dated July 31, 2007;
2. In-principle approval from the Bombay Stock Exchange Limited dated August 1, 2007.

Registrations

1. Permenant Account Number AAACJ3213B granted to Jyothy Laboratories Limited by the Director of Income Tax (Systems);
2. TAN Number CHNJ00059D has been granted to Jyothi Laboratories Limited by the Income Tax Department, Ministry of Finance, Government of India; and
3. Certificate of Importer-Exporter Code granted to Jyothy Laboratories Limited on June 6, 2001 by the Foreign Trade Development Officer, Ministry of Commerce, Government of India.

Approvals and Licenses Granted

TAX APPROVALS

Unit 1: Amingaon, Guwahati

1. License (No. Agri/Dev/pp/MF/97/2003-04/11) for the manufacture of the insecticides Allethrin 4% Mat., Allethrin 0.2% coil, Allethrin 0.1% d-trans, Allethrin 0.1% mosquito coil and Prallethrin 1.6% Liquid dated December 3, 2003 is valid till December 31, 2007.
2. Certificate (No. 2424/SIA/IMO/2002) for claiming Sales Tax exemption under Assam Industries (Sales Tax Concessions) Scheme, 1997 dated October 11, 2002 granted for the production of mosquito repellent coil (maxo) is valid till May 8, 2009 subject to maximum 100% of capital investment.
3. Certificate (No. GTA/GHY-VII/15/JLLMX/05) granted under Section 69 of the Finance Act, 1994 pursuant to registration with the Central Excise Department for payment of Service Tax on services of Goods Transport Agency dated February 23, 2005 is valid till our Company carries on the activity for which the certificate has been issued or where surrender of the certificate is accepted by the Central Excise Officer.

Unit 2: I.D.A Kothur, Mehaboobnagar

1. Certificate (Sr. No. 2/2001) to cure, produce, manufacture, carry on wholesale trade/business/broker or commission agent or otherwise deal in excisable goods as a user of exercisable goods for special industrial purposes granted pursuant to registration with the Central Excise Department is valid until our Company carries on the activity for which the certificate has been issued or surrenders the certificate.
2. Certificate (No. NLG/JcL/P.T/REGN/1021/2005-06) dated January 27, 2006 certifying that our Company has been enrolled under the Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987.

Unit 3: Gruhalakshmi Colony, Kakaguda, Secunderabad, Hyderabad

1. Value Added Tax Registration Certificate (No. 28640145285) by the Commercial Taxes Department of the Government of Andhra Pradesh in accordance with the APVAT Act, 2005 dated March 31, 2005 is effective from April 1, 2005.

Unit 4: Veeransandra Industrial Area, Bangalore Urban, Karnataka

1. Central Excise Registration Certificate (No. AAACJ3213BXM019) dated January 10, 2006 under Rule 9 of the Central Excise Rules, 2002 certifying that our unit is registered for Manufacturing of Excisable Goods is valid till our Company carries on the activity for which it has been issued or surrenders it or till is revoked or suspended.

Unit 5: Mangammana Palya, Bommanahalli, Begur Hobli, Yellukunte, Hosa Palya, Bangalore, Karnataka

1. Certificate of Registration (No. (GTA)/AAACJ3213BST003) and Service Tax Code (No. AAACJ3213BST003) under section 69 of the Finance Act, 1994 shall remain valid till our Company carries on the activity for which it has been issued or where surrender of the certificate is accepted by the Service Tax Officer.
2. Provisional VAT Registration (TIN No. 29390048152) is effective from April 1, 2003.

Unit 6: Amli, Dokmardi

1. Certificate (No. ADM/ACST/EXEMPT/CST/2001/1110) for Exemption from Sales Tax dated June 26, 2001 under the Central Sales Tax Act, 1956 exempting payment of central sales taxes levied under the Act in respect of the Liquid Fabric Whitner, manufactured/processed/assembled in the Union Territory of Dadra and Nagar Haveli is valid till December 30, 2014.

Unit 7: Industrial Area, Phase—II, Panchkula

1. Certificate (No. AAACJ3213BSTool) for registration with the Central Excise Department for payment of service tax on services of Goods Transport Agency's Service dated March 16, 2005 under Section 69 of the Finance Act, 1994 is valid till our Company carries on the activity for which it has been issued or where surrender of the Certificate is accepted by the Central Excise Officer.
2. Certificate (No. 06532502894) for registration as a dealer under sections 7(1)/7(2) of the Central Sales Tax Act, 1956 is valid from May 30, 2001 until cancelled.
3. Certificate (TIN 06532502894) under section 11 of the Haryana Value Added Tax Act, 2003 dated April 1, 2003 has been granted.

Unit 8: Thettampakkam, Mannadipet Commune Parchayat, Pondicherry

1. Certificate (No. 8460/PRC) pursuant to registration as a dealer under section 7(1), 7(2) of the Central Sales Act, 1956 dated August 1, 1995 has been granted.
2. Certificate (No. 02170590) of renewal of license to manufacture for sale of Ayurvedic/Siddha or Unani drugs valid upto December 31, 2008 in respect of the manufacture of "Jeeva Ayurvedic Soap".

Unit 9: RS No. 12/1&2, Ujala Nagar, Thethampakkam Village, Suthukney Post, Pondicherry—605 502

1. Certificate of renewal of Licence (No. 02 17 0590) to manufacture for sale of Ayurvedic/Siddha or Unani Drugs, dated March 1, 2006 granted to our Company. It is valid till December 31, 2008.

Unit 10: Thethampakkam Village, Suthukeny, Valudavur, Villupuram, Tamil Nadu

1. Central Excise Registration Certificate (No. AAACJ3213BXM009) dated November 18, 2002 granted under Rule 9 of the Central Excise Rules, 2002 The registration certificate shall remain valid till our Company carries on the activity for which it has been issued or till it is revoked.
2. Central Excise Registration Certificate (No. AAACJ3213BXM015) dated July 12, 2003 granted under Rule 9 of the Central Excise Rules, 2002. The registration certificate shall remain valid till our Company carries on the activity for which it has been issued or till it is revoked.
3. Central Excise Registration Certificate (No. AAACJ3213BXM014) dated July 12, 2003 granted under Rule 9 of the Central Excise Rules, 2002. The registration certificate shall remain valid till our Company carries on the activity for which it has been issued or till it is revoked.
4. Certificate of Registration (No. GTA/72/2005 and STP Code: AAACJ3213BST001) dated March 8, 2005 granted under Section 69 of the Finance Act, 1994 pursuant to registration with Central Excise Department for payment of Service Tax on Goods Transport Agency (Transport of Goods by Road). It has been granted in respect of the Unit situated at RS No. 12/1&2 and including the factories at personal care division, bottle unit, personal care division—Exo unit and packaging division. The registration certificate shall remain valid till our Company carries on the activity for which it has been issued or when it is surrendered.

Unit 11: 13, Chandaka Industrial Estate, Patia, Bhubaneshwar—751031 Dist. Khurda, Orissa

1. Certificate of Registration under Section 69 of the Finance Act, 1994 bearing no. 64/ST/BBSR-II/TGR/2006 dated February 22, 2006 issued pursuant to registration with the Central Excise Department for the payment of Service Tax on service of Transport of Goods by Road. Certificate is valid till our Company carriers on the activity for which it has been issued or till it is surrendered.
2. Central Excise Registration Certificate under Rule 9 of the Central Excise Rules, 2002 bearing registration no. AAACJ3213BX017 dated October 7, 2004 granted pursuant to registration for manufacture of excisable goods. Certificate is valid till our Company carriers on the activity for which it has been issued or till it is surrendered or revoked.

Unit 12: 159, Kankulia Road, Kolkata—700029

1. Certificate of Registration bearing no. 19200554033 granted pursuant to registration as a dealer under section 24(1)(b) of the West Bengal Value Added Tax Act, 2003 dated April 1, 2005 for toilet articles (code: 52)

Unit 13: Light House More, Bishnupur, Dist. Bankura

1. Certificate no. 99/ST/IV/5/TGR/04-05 dated February 21, 2005 granted under section 69 of the Finance Act pursuant to registration with the Central Excise Department for payment of service tax on transport of goods by road service. Certificate is valid till our Company carries on the activity for which it has been issued or till it is surrendered.

Unit 14: 43a, Muthamil Nagar, Kodungaiyur, Chennai, Thiruvallur

1. Certificate for TNGST No. 1082162 and TIN No. 33201082162 issued on November 11, 2006.

Unit 15: 43-A T.H. Road, Kaviyarasu Kannadasan Nagar, Chennai 600 118

1. Certificate of Registration under the Tamil Nadu Value Added Tax Act, 2006 granting Tax Payers' Identification Number 33201082162 with effect from January 1, 2007.
2. Certificate of Registration (No. 721197) under Central Sales Tax (Registration & Turnover) Rules, 1957 dated September 29, 1999 granted for registration as a deale under section 7(1)/7(2) of the Central Sales Tax Act, 1956. The Certificate is valid until cancelled.
3. Service Tax Code No. AAACJ3213BST004 allotted to our Company on February 15, 2005.

Unit 16: 28/117, West Patel Nagar, New Delhi—110008

1. Tax Payer's Identification No. 07390240963 granted to our Company.

Unit 17: Export Promotion Ind, Kali Mandir Road, Amingaon, Kamrup, Assam 781031

1. Certificate (No. AAACJ3213BX012) granted for registration for manufacturing of excisable goods dated May 23, 2003 under Rule 9 of the Central Excise Rules, 2002. This registration certificate is valid till our Company carries on the activity for which it has been registered or till it is revoked or suspended.

Unit 18: Raghu Shree Apartment, Sawai Jai Singh Highway, Bani Park, Jaipur

1. Certificate (No. 08061756171) granted to our Company for registration as a dealer under section 7(1)/7(2) of the Central Sales Tax Act, 1956 dated May 15, 2001. It is valid until cancelled.

Unit 19: 41, Prince Road—A, Vidyut Nagar, Ajmer Road, Jaipur

1. Certificate (No. CST 1426/06225) granted to our Company for registration as a dealer under section 7(1)/7(2) of the Central Sales Tax Act, 1956 dated May 15, 2001. It is valid until cancelled.
2. Certificate (No. RST 1426/06225) granted to our Company for voluntary registration under the Rajasthan Sales Tax Act, 1994 dated May 1, 2001. It is valid until cancelled.
3. Certificate (No. 78/S.T./STA/R-V/JPR/05) dated Mach 9, 2005 granted to our Company under section 69 of the Finance Act, 1994 pursuant to registration with the Central Excise Department for collecting service tax on Goods Transport Agencies. Certificate is valid till our Company carries on the activity for which it has been issued or till it is surrendered.

Unit 20: 2535, Sector 22C, First Floor, Chandigarh—160 002

1. Certificate (No. 60813818) granted to our Company for registration as a dealer under the Punjab General Sales Tax Act, 1948 dated May 30, 2001. The certificate is valid under cancelled.
2. Certificate (No. 60843818) granted to our Company under The Central Sales Tax (Registration and Turnover) Rules, 1957 for registration as a dealer under section 7(1)/7(2) of the Central Sales Tax Act, 1956. The certificate is valid from May 30, 2001 until cancelled.

Unit 21: 405, HCM Plaza, Frazer Road, Patna 800 001

1. Certificate of Registration (No. GTA/46/BKP-II/JLL/05) granted under section 69 of the Finance Act, 1994 pursuant to registration with the Central Excise Department for payment of service tax on services of goods transport agency dated March 5, 2005. The certificate is valid only till our Company carries on the activity for which the certificate has been issued or surrenders the certificate.
2. Certificate of Registration under section 19 of the Bihar Value Added Tax Ordinance, 2005 dated April 1, 2005 issued by the Office of the Deputy Commissioner of Commercial Taxes, Patliputra Circle, Patna allotting Taxpayer Identification Number 10050/0/034 to our Company.

Unit 22: Sales depot near Harchand Rai Krishna Chand, Dal Mil, Daldal Sivru Road Mowa, Raipur

1. Certificate of Registration (No. ST/GTO/JLL/R-ST/RPR/313/2005) granted under section 69 of the Finance Act, 1994 pursuant to registration with the Central Excise Department for payment of service tax on services of goods transport agency dated March 4, 2005. The certificate is valid only till our Company carries on the activity for which the certificate has been issued or surrenders the certificate.

Unit 23: 685A, Near Lahkothi, Ratu Road, Ranchi

1. Certificate of Registration (No. 2506(R)) granted under section 14 of the Bihar Finance Act, 1981 dated June 11, 2001. The certificate is valid till May 31, 2009.
2. Certificate (No. 2286 (C)) for registration as a dealer under sections 7(1)/7(2) of the Central Sales Tax Act, 1956 dated June 11, 2001 is valid from March 22, 2001 until cancelled.
3. Certificate of Registration (No. GTA/RAN/JLL/183/04) granted under section 69 of the Finance Act, 1994 pursuant to registration with the Central Excise Department for payment of service tax on services of goods transport agency dated February 28, 2005. The certificate is valid only till our Company carries on the activity for which the certificate has been issued or surrenders the certificate.

Unit 24: R.S. Plot No. 1,054, Sub-plot No. 1,054/A-I, Pandra (near Middle School), Ranchi

1. Certificate of Registration (No. 2506(R)) granted under section 14 of the Bihar Finance Act, 1981 dated June 11, 2001. The certificate is valid till May 31, 2009.

Unit 25: 128/20, F Block, Kidwai Nagar, Kanpur, Uttar Pradesh

1. Certificate (No. 0040001020300) granted for the renewal of registration under sections 417 & 478 of the Uttar Pradesh Sales Tax Act on March 22, 2005. The Certificate is valid till March 31, 2008.
2. Certificate (No. CST5223344/119017) of registration dated April 23, 2001 granted under sections 7(1) & 7(2) of the Central Sales Tax Act, 1956

Unit 26: Plot Nos. 6,7,8,19 & 20, K.I.E. Industrial Estate, Prakash Nagar, Roorkee, Uttaranchal

1. Certificate of Registration (No. 05006608344) dated August 25, 2006 granted under section 9(1) of The Uttaranchal Sales Tax Act, 2005
2. Certificate of Registration (No. NC5094754/25-8-2006) dated August 26, 2006 granted under section 7(1) & 7 (2) of The Central Sales Tax Act, 1956.

Unit 27: Village Kathia, Tehsil Malagarh District, Solam, Himachal Pradesh

1. Certificate of registration (No. 801-III-6715) dated February 6, 2002 granted under Rule 6 of the Himachal Pradesh General Sales Tax Rules, 1970. It is valid until cancelled.

2. Certificate of registration dated March 9, 2000 granted under section 69 of the Finance Act, 1994. PAN—AAACJ3213B. Service Code—AAACJ3213BST001.

Unit 28: Modi Complex, Bhankarpur, Ambala

1. Registration certificate (No. AAACJ3213BST012) dated March 21, 2005 granted under section 69 of the Service Tax Act, 1994. Certificate. It is valid until cancelled.

Unit 29: 17/A Mahalaxmi Cloth Market, Pandani, Raipur

1. Tax Identification Number (22851401213) issued by the Sales Tax Officer, Raipur Circle 4. It is valid from October 20, 2003.

Unit 30: 117 1 West Patel Nagar, New Delhi—110008

1. Tax Identification Number (07390240963) issued by the Sales Tax Officer. It is valid from April 1, 2005.

Unit 31: Plot no. 201, Sector No. 1, Industrial Area, Pithampura, Dhar Madhya Pradesh—454775

1. Central Excise Registration Certificate (No. AACJ3213BXM010) issued under Rule 9 of the Central Excise Rules, 2002 on January 23, 2003. It is valid till the company carries on the activity for which it has been issued or surrenders it or till is revoked or suspended.

Unit 32: Shed No. 21, IDA, Kothur Village Industrial Area, Mehboobnagar District

1. Registration for Central Excise (Sr. No. 2/2001) dated October 3, 2001 granted for excisable goods like plastic bottles, plastic caps and stoppers (classification no. 3923.90). It is valid till our Company carries on the activity for which it has been issued or until it is surrendered.

Unit 33: 13, Chandaka Industrial Estate, Patia, Bhubaneswar—751031

1. Certificate (No. 64/ST/BBSR-II/TGR/2005) for registration under section 69 of the Finance Act, 1994 with the Central Excise Department for payment of service tax on service of transport of goods by road dated February 22, 2005. The certificate shall remain valid till our Company carries on the activity for which it has been registered or where surrender of the certificate is accepted by the Central Excise Officer.
2. Certificate (No. AAACJ321BXM017) for registration under Rule 9 of the Central Excise Rules, 2002 for manufacturing of excisable goods dated October 7, 2004. The certificate shall remain valid till our Company carries on the activity for which it has been or till it is cancelled.
3. TIN (21241110274) granted to our Company with effect from June 20, 2001.

Unit 34: Ward II, Building No. 438, 439 & 440, Kandanassery

1. Certificate (No. 25012021) granted to our Company for registration under the Kerala General Sales Tax Rules, 1963 for registration as a dealer under section 13 of the Kerala General Sales Tax Act, 1963 dated December 30, 1999. The certificate is valid from November 27, 1999 until cancelled.

Unit 35: IX/512A, Kandanassery

1. Certificate (No. 25016221) granted under The Central Sales Tax (Registration and Turnover) Rules, 1957 for registration as a dealer under section 7(1)/7(2) of the Central Sales Tax Act, 1956 dated September 27, 1994. This certificate is valid from July 27, 1994 until cancelled.

Unit 36: Plot No. 25, Sector—1, Parwanoo

1. Certificate (No. SOL:III:6204) granted to our Company under the Himachal Pradesh General Sales Tax Rules, 1969 for registration as a dealer under the Himachal Pradesh General Sales Tax Act, 1968 dated May 5, 2001. The certificate is valid from May 4, 2001 until cancelled.
2. Certificate (No. SOL:CST:6384) granted to our Company under the Central Sales Tax(Registration and Turnover) Rules, 1957 for registration as a dealer under section 7(1)/7(2) of the Central Sales Tax Act, 1956 dated May 5, 2001. The certificate is valid from May 4, 2001.

Unit 37: Modi Complex, Village Bhankarpur, Ambala-Chandigarh Road, Derabassi.

1. TIN (03721127088) granted to our Company with effect from April 1, 2005.
2. Certificate (No. AAACJ3213BST012) for registration under the Service Tax Act, 1994 dated March 21, 2005. The certificate is valid from March 21, 2005 until cancelled.

Unit 38: Unit: Plot No. 132, Industrial Area, Phase—II, Panchkula.

1. Certificate (No. AAACJ3213BST001) granted for registration under Section 69 of the Finance Act, 1994 for registration with the Central Excise Department for payment of service tax on services of Goods Transport Agency's Services dated March 16, 2005. The certificate shall remain valid till our Company carries on the activity for which it has been issued or where surrender of the certificate is accepted by the Central Excise Officer.
2. TIN (06532502894) granted to our Company under section 11 of the Haryana Value Added Tax, 2003. The certificate is valid from April 1, 2003.
3. TIN (06532502894) granted to our Company for registration as a dealer under sections 7(1)/7(2) of the Central Sales Tax, 1956. The certificate is valid from May 30, 2001 until cancelled.

Unit 39: 128/20 P Block, Kidwai Nagar, Kanpur

1. Certificate (No. KR1042093) granted to our Company for registration under the U.P. General Sales Tax Act, 1948 dated March 22, 2005. The certificate is valid till March 31, 2008.
2. Certificate (No. CST5223344/11-04-2001) granted to our Company for registration under the (Registration and Turnover) Rules, 1957 for registration as a dealer under section 7(1)/7(2) of the Central Sales Tax Act, 1956 dated April 23, 2001. The certificate is valid from April 11, 2001 until cancelled.

Unit 40: Village Katha Baddi, Solan, Himachal Pradesh

1. Certificate (No. 801-CST-6742) granted to our Company for registration under the Central Sales Tax (Registration and Turnover) Rules, 1957 for registration as a dealer under section 7(1)/7(2) of the Central Sales Tax Act, 1956. The certificate is valid from August 29, 2005 until cancelled.
2. Certificate (No. AAACJ321BST022) granted to our Company for registration with the Central Excise Division. The certificate is valid from April 21, 2006 until cancelled.
3. Certificate (No. Sol-III-6715) granted to our Company under the Himachal Pradesh General Sales Tax Rules, 1970. The certificate is valid from February 6, 2002 until cancelled.

FACTORY APPROVALS

A. Chandaka Industrial Estate, Patia, Bhubaneshwar—751031 Dist. Khurda, Orissa

1. License (No. KD 521) and serial number 03743 dated December 2, 1998 granted by the Chief Inspector of Factories in Orissa for the Company's premises to be used as a factory employing not more than 150 persons on any one day during the year and using motive power not exceeding 600 K.W. subject to the provisions of the Factories Act, 1948 and the rules made thereunder. The license is valid till December 31, 2007.

B. 43A, T.H. Road, Kaviarasu Kannadasan Nagar, Chennai 600 118

1. Renewal license under section 207 of CCMC Act dated February 23, 2006 granted by the Revenue Department of the Corporation of Chennai in favour of Mr. M.P. Ramachandran.

C. Shed No. 25126, I.D.A. Kothuv (VIII & MDL), Mehaboobnagar

1. License (No. 34823) to work a factory under the Factories Act, 1948 dated March 31, 2000 granted by the Office of the Inspector of Factories for Mehaboobnagar. The maximum horse power to be installed at the factory is 5 H.P. and the maximum number of workers at the factory is 50. The license as been granted subject to the provisions of the Factories Act, 1948 and the rules made thereunder and is valid until cancelled.

D. Shed No. 21, I.D.A. Kothuv (VIII & MDL), Mehaboobnagar

1. License (No. 35085) to work a factory under the Factories Act, 1948 dated February 7, 2002 granted by the Office of the Inspector of Factories for Mehabubnagar. The maximum horse power to be installed at the factory is 150 H.P. and the maximum number of workers at the factory is 50. The license is valid until cancelled.

E. P.O. Amingaon, E.P.1.P. Complex, Guwahati -35

1. Registration and license (No. KAM/653) to work a factory under the Factories Act, 1948 dated March 21, 2006 granted by the Chief Inspector of Factories for Assam for the Company's Maxo premises. Maximum number of employees allowed to work in the factory on any one day of the year is 400 using motive power not exceeding 900 H.P. The license has been renewed and is valid until December 31, 2007.
2. Registration and license (No. KAM/619) to work a factory under the Factories Act, 1948 dated March 21, 2006 granted by the Chief Inspector of Factories for Assam for the Company's premises. The license records that the maximum number of employees allowed to work in the factory on any one day of the year is 150 using motive power not exceeding 280 H.P. The license has been renewed and is valid until December 31, 2007.

F. Lighthouse More, Bishnupur, Bankura, West Bengal

1. License No. 14474 and registration number is 2BK/X/99 to work a factory under the Factories Act, 1948 dated June 21, 2005 granted by the Chief Inspector of Factories for West Bengal. The license is valid until December 31, 2007.

G. Kandanassery, P.O. Thalappully, Thirssur

1. Registration and license (No. TCR/12/484/2001) to work a factory under the Factories Act, 1948 dated December 1,2006 has been granted by the Senior Joint Director of Factories & Boilers, Erankulam. The product to be manufactured is fabric whitener. The license has been renewed and is valid till December 31, 2007. The maximum number of workers that can be employed is 194 and the actual kilo watt power that can be used is nil.

H. Kolagappara P.O., Krishnagiri, Wayanad 673591

1. Registration and license (No. TLY/14/190/2000) and NIC. Code No. 24243 to work a factory has been granted by the Joint Director of Factories and Boilers Kozikode under the Factories act, 1948. It has been granted for the manufacture of detergents, washing powder, liquid fabric whitener. The license has been renewed and is valid till December 31, 2007. The maximum workers that can be employed is 70 and the maximum electricity usage is 236.8 K.W. and 82.5 KW.

I. Panniserry, Koonamoochi P.O. Thissur

1. Registration and license (No. TCR/12/366/94) and NIC Code No. 24241 to work a factory has been granted by granted by the Senior Joint Director of Factories & Boilers, Erankulam under the Factories act, 1948. The license has been issued for the manufacture of handmade washing soap. The license has been renewed and is valid till December 31, 2007. The maximum workers that can be employed is 175 and use a maximum power of 9 KW.

J. Survey No. 910/7/1, Village Amli, Silvassa

1. License (No. 1415) dated March 22, 2001 to work a factory granted by the Chief Inspector of Factories for Silvassa to the Company engaged in the manufacture of liquid fabric whitener. The license has been granted subject to the provisions of the Factories Act, 1948.

   This license is valid till December 31, 2007.

NO OBJECTION CERTIFICATES

A. R.S. No. 12/1, Thethampakkam, Mannadipet Commune, Pondicherry

1. Certificate (No. I-13/10262/Ind&Com/A6/2002) dated March 24, 2003 granted by the Directorate of Industries & Commerce for the Government of Pondicherry to certify that the factory's status as a small scale industry has been has been cancelled and the status is now a large scale unit and the

Commencement of Production Certificate is issued for “Whitening Agents Others (Liquid Blue) and Plastic Moulded Items”. The certificate records that the unit’s eligibility for exemption from payment of CST/PGST expired on October 3, 2000.

2. Letter dated November 9, 2004 from the Directorate of Industries & Commerce for the Government of Pondicherry to the Personal Care Division of the Company’s factory stating that the Directorate of Industries & Commerce for the Government of Pondicherry has no objection to the Company taking over Geetha Aromatics situated at No.15 Thethampakkam Village Mannadipet Commune, Pondicherry and manufacturing detergent and soap powder and that it notes the change of name from Jyothy Laboratories Limited (Personal Care Division) to Jyothy Laboratories Limited (Personal Care Division) Exo unit, subject to the Company obtaining the requisite clearances/licenses.

3. Letter dated August 2, 2001 from the Directorate of Industries & Commerce for the Government of Pondicherry stating that the Directorate of Industries & Commerce for the Government of Pondicherry has no objection to the Company setting up a medium scale unit at R.S. No. 12/1 and 2 Thethampakkam, Mannadipet Commune, Suthukeny P.O., Pondicherry for the manufacture of toilet soaps, shampoo, creams and cosmetics, subject to getting clearances from the following departments:

   a) Mannadipet Commune Panchayat

   b) Inspectorate of Factories

   c) Town & Country Planning Department & Pondicherry Planning Authority

   d) Department of Science, Technology and Environment

   e) Agriculture Department

   f) Electricity Department

   The Department have insisted that employment should be ensured for persons registered with the Employment Exchange, Pondicherry for not less than 50% of the total workforce.

B. R.S. No. 15 Thethampakkam, Mannadipet Commune, Pondicherry

1. Certificate (No. I-13/9475/Ind&Com/A6/2002) dated June 10, 2003 granted by the Directorate of Industries & Commerce for the Government of Pondicherry relating to the Company’s takeover of Emerald Packaging, R.S. No. 15, Thethampakkam, Mannadipet Commune, Pondicherry to certify that the factory’s status as a Small Scale Industry has been has been cancelled and the status is now a large scale unit as a result of the takeover. The name and style of the Emerald Packaging unit has been changed to Jyothy Laboratories Limited (Packaging Division).

ENVIRONMENTAL LICENSES

A. Plot No. 201, Sector—1, Industrial Area, Pithampura Distt., Dhar (M.P.)

1. Certificate (No. 9354/TS/MPPCB/2006) dated December 5, 2006 granted by the Madhya Pradesh Pollution Control Board for renewal of consent of the Board under section 21 of the Air (Prevention & Control of Pollution) Act, 1981. The consent has been granted for the production of detergent powder to the extent of 75,000 MT/year and the use of D.G. Set—300 KVA (2 Nos.). The certificate is valid till September 30, 2007.

2. Certificate (No. 9354/TS/MPPCB/2006) dated December 5, 2006 granted by the Madhya Pradesh Pollution Control Board for renewal of consent of the Board under section 25/26 of the Water (Prevention & Control of Pollution) Act, 1974. The consent has been granted for the production of detergent powder to the extent of 75,000 MT/year and the use of D.G. Set—300 KVA (2 Nos.). The certificate is valid till September 30, 2007.

B. Village Katha, Baddi, Dist. Solan, H.P.

1. Certificate (No. B-078/06) dated July 11, 2006 granted by the H.P. State Environment Protection & Pollution Control Board for renewal of authorization for operating a facility for collection and storage of hazardous wastes on the premises situated at Baddi under Rule 5 of the Hazardous Waste

C. S.F. No. 2/295, Nethimedu, Annadhanapatty, Salem-Tk, Salem District.

1. Certificate granted by the Tamil Nadu Pollution Control Board for renewal of consent order No. JCEE/CBE/101/2000 of the Board under Section 25 of the Water (Prevention & Control of Pollution) Act, 1974. The consent has been granted for the discharge of sewage and trade effluent. The consent has been granted subject to the following conditions: (1) The unit shall not generate trade effluent (2) The unit shall provide rain water harvesting (3) The unit shall keep the premises clear (4) The unit shall plant adequate tree saplings. The consent is valid till September 30, 2007.
2. Certificate granted by the Tamil Nadu Pollution Control Board for renewal of consent order No. JCEE (CBE) 110/2000 of the Board under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981. The consent has been granted for operation of the plant. The consent has been granted subject to the following conditions: (1) The unit shall operate and maintain the existing Air Pollution Control measure efficiently and continuously so as to achieve the Ambient Air Quality survey/ emissions standards prescribed by the Board; and (2) The unit shall plant adequate tree saplings. The consent is valid till September 30, 2007.

D. S.F. No. 178/2, Kaviaraan Kannadaan Nagar, Fort Tondiarpet Tk., Chennai District.

1. Certificate granted by the Tamil Nadu Pollution Control Board for renewal of consent order No. 277 of the Tamil Nadu Pollution Control Board under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981. The consent has been granted authorizing the applicant to continue to operate his/her industrial plant in an Air Pollution control area. The consent has been granted subject to the following conditions: (a) The unit shall reuse the entire quantity of treated trade effluent for washing of bottles and shall not discharge any trade effluent outside its premises; and b) The effluent treatment plant shall be stored inside the premises and shall not be disposed of without the consent of the Board. The consent is valid till September 30, 2006.

E. Kandanassery, Thrissur, Kerala

1. Consent No. W/00/TSR/28/05 under sections 25 and 26 of the Water (Prevention & Control of Pollution) Act, 1974 to discharge effluent/sewage into land for irrigation issued by the Kerala State Pollution Control Board valid upto December 31, 2007.

F. S.No. 910/7/1, Dokmardi Village, Amli, Silvassa

1. Certificate No. PCC/DDD-0364/AA/AL/98-99/15 under section 21 of the Air (Prevention & Control of Pollution) Act, 1981 issued by the Pollution Control Committee, Daman and Diu and Dadra and Nagar Haveli to operate DG set of capacity 250 KVAfor manufacture of liquid fabric whitener valid upto December 31, 2009.

G. 24 & 25, IDA Kothur (M), Mehboobnagar District—509228

1. Consent order 21-MAB/APPCB/SETO-HYD/2006 dated October 9, 2006 for existing/new or latered discrgare of sewage and /or trade effleuents/otlet under sections 25 and 26 of the Water (Prevention & Control of Pollution) Act, 1974 and operation of the plant under section 21 of the Air (Prevention & Control of Pllution) Act, 1981 valid till December 31, 2007 for the manufacture of Ujala Supreme (liquid whitener) upto a quantity of 175 TPM:

Outlets for discharge of effluents:

Outlet No.	Outlet Description	Maximum daily discharge	Point of disposal
1	Washings	2	Forced evaporation
2	Domestic Effleunts	4	Septic tank followed by soak pit
3	Total	6	

Emissions from chimneys:

Chimney No.	Description of Chimney
1	Attached to 50,000 kcal/hr TFH
2	Attached to 25 KVA DG set

H. Kolagapara, Wayanad, Kerala

1. Certificate (No. PCB/WND/HWM/06/2006) dated December 15, 2006 granted to our Company by the Kerala State Pollution Control Board authorizing it to operate a facility for collection, treatment, storage, transport and disposal of hazardous wastes in the premises situated at Mananthavady Grama Panchayath, Mananthavady Taluk in Wayanad District under the Hazardous Wastes (Management and Handling) Rules, 1989 amended up to 2004. The wastes for which the authorization has been granted are as follows:

   (a) Used oil under Schedule 1 Category 5.1 to the extent of 5 kg/year. The mode of storage is in drums under roofing and the mode of disposal is to recyclers/refineries.

   (b) Sludge from waste water treatment under Schedule 1 Category 22.2 to the extent of 15 kg/year. The mode of storage is in concrete pits and the mode of disposal—safely stored.

   The authorization is valid till December 14, 2011.

2. Certificate (No. PCB/AIR/WND/397/2005) dated October 21, 2005 granted to our Company by the Kerala State Pollution Control Board giving consent under section 21 of the Air (Prevention & Control of Pollution) Act, 1981 to operate DG set of 82.5 KVA (1 no.) and 160 KVA (1 no.) in sy. no. 268-3/1 of Krishnagiri Village, Sulthan Bathery Taluk, Wayanad District. The Certificate if valid till December 31, 2008.

3. Certificate (No. PCB/WND/W/07/2005) granted to our Company by the Kerala State Pollution Control Board under section 25-26 of Water (Prevention & Control of Pollution) Act, 1974 to discharge trade effluent into effluent treatment plant and reuse for bottle cleaning. The Certificate is valid upto December 31, 2007. The effluent characteristics should be within the following tolerance limits:

   (a) pH—5.5 to 9.0

   (b) Suspended solids—100 mg/l

   (c) COD—250 mg/l

   (d) BOD 3 day, 27°C—30 mg/l

   (e) Oil and grease—10

   (f) Ammoniacle Nitrogen—50

   The daily quantity of effluent discharge should not exceed 10 l/day from outlet 1 and 1000 l/day from outlet 2.

The production rate of the industry is specified as:

   (a) 1000 tons/year of Ujala washing powder

   (b) 100 tons/year of speed washing powder

   (c) 3 lakh bottles/year of Ujala Fabric Whitener

TRADEMARK LICENSES

1. Trademark No. 948511 granted to our Company in Class 9 under the name “Cyclothrin” in respect of electrical and /or electrical devices for repelling and/ or destroying mosquitoes and /or insects valid for a period of 10 years from August 17, 2000.

2. Trademark No. 905010 granted to our Company in Class 3 under the name “Optibritner” in respect of cleaning preparations, including ayurvedic soap, shampoo, detergent, blue and cosmetics included in Class 3 valid for a period of 10 years from February 21, 2000.

3. Trademark No. 1190275 granted to our Company in Class 5 under the name “Maxo-Knock Out” in respect of mosquito repellant, insecticide spray, disinfectants, insect repelling preparation, insect destroying preparation valid for a period of 10 years from April 7, 2003.

4. Trademark No. 948510 granted to our Company in Class 5 under the name “Cyclothrin” in respect of mosquito repellant, insecticide spray, disinfectants, insect repelling preparation, insect destroying preparation valid for a period of 10 years from August 17, 2000.

5. Trademark No. 939912 granted to our Company in Class 5 under the name “Maxo” in respect of mosquito repellants valid for a period of 10 years from July 18, 2000.

6. Trademark No. 1026776 granted to our Company in Class 3 under the name “Ashtagandha” in respect of agarbatti and cosmetics valid for a period of 10 years from July 13, 2001.

7. Trademark No. 1121692 granted to our Company in Class 5 under the name “Cyclorator” in respect of repellants (Insects), insecticides, weedicides, fungicides and herbicides valid for a period of 10 years from July 26, 2002.

8. Trademark No. 1190269 granted to our Company in Class 5 under the name “Boxer” in respect of mosquito repellant, insecticide spray, disinfectants, insect repelling preparations, insect destroying preparations, included in Class 5 valid for a period of 10 years from April 7, 2003.

9. Trademark No. 1190276 granted to our Company in Class 9 under the name “Maxo-Knock Out” in respect of electrical and, or electronic devices for repelling and, or destroying mosquitoes and, or insects valid for a period of 10 years from April 7, 2003.

10. Trademark No. 1190274 granted to our Company in Class 9 under the name “Knock Out” in respect of electrical and/or electronic device for repelling and/or destroying mosquitoes and/or insects valid for a period of 10 years from April 7, 2003.

11. Trademark No. 1180078 granted to our Company in Class 5 under the name “Maxo Webb” in respect of mosquito repellants, insecticide spray, disinfectants, insect repelling preparation valid for a period of 10 years from March 4, 2003.

12. Trademark No. 1180081 granted to our Company in Class 5 under the name ‘Maxo Net” in respect of mosquito repellants, insecticide spray, disinfectants, insect repelling preparations, insect destroying preparations valid for a period of 10 years from March 4, 2003.

13. Trademark No. 1023280 granted to our Company in Class 3 under the name “Flora” in respect of cosmetics valid for a period of 10 years from July 4, 2001.

14. Trademark No. 121693 granted to our Company in Class 9 under the name “Cyclorator” in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and insecticides valid for a period of 10 years from July 26, 2002.

15. Trademark No. 1150376 granted to our Company in Class 3 under the name “Fotoactiv Agents” in respect of detergent of cleaning and scouring preparation, detergent cake, washing powder, toilet soap, all being goods included in Class 3 valid for a period of 10 years from November 13, 2002.

16. Trademark No. 891615 granted to our Company in Class 3 under the name “Exo” in respect of cleaning preparations, soaps including ayurvedic soaps, shampoo, detergent, blue and cosmetics valid for a period of 10 years from December 14, 1999.

17. Trademark No. 989657 granted to our Company in Class 3 under the name “Keshjeeva” in respect of cleaning preparations and cosmetics included in Class 3 valid for a period of 10 years from February 12, 2001.

18. Trademark No. 64273 granted to our Company in Class 5 under the name “Jeeva” in respect of ayurvedic medicinal preparations valid for a period of 10 years from October 17, 2000.

19. Trademark No. 1180080 granted to our Company in Class 9 under the name “Maxo Net” in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes valid for a period of 10 years from March 4, 2003.

20. Trademark No. 1190270 granted to our Company in Class 9 under the name “Boxer” in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or insects valid for a period of 10 years from April 7, 2003.

21. Trademark No. 1215985 granted to our Company in Class 9 under the logo for JLL in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or insects valid for a period of 10 years from July 21, 2003.

22. Trademark No. 1215984 granted to our Company in Class 3 under the logo of JLL in respect of soaps, detergent powder, detergent cake, bleaching preparations and substances for laundry use, cleaning, polishing, scouring and abrasive preparations, toiletries, perfumery, essential oils, cosmetics etc valid for a period of 10 years from July 21, 2003.

23. Trademark No. 1188172 granted to our Company in Class 5 under the name “Maxo Red Giant” in respect of mosquito repellant, insecticide spray, disinfectants, insect repelling preparations, insect destroying preparations valid for a period of 10 years from March 31, 2003.

24. Trademark No. 1192381 granted to our Company in Class 5 under the name "Maxo Hit-Out" in respect of mosquito repellant, insecticide spray, disinfectants, insect repelling preparations, insect destroying preparations valid for a period of 10 years from April 17, 2003.

25. Trademark No. 833590 granted to our Company in Class 2 under the trademark "Ujala" (picture of Ujala bottle) in respect of chemical products for dyeing, colouring matters for dyeing, substances for dyeing of textile fabrics and dyes valid for a period of 10 years from December 22, 1998.

26. Trademark No. 991940 granted to our Company in Class 3 under the name "Vitaskin" in respect of toiletries, cosmetics, cleaning and bleaching preparations, perfumery, beauty care products, hair oil, soaps, fairness cream valid for a period of 10 years from February 22, 2001.

27. Trademark No. 1190272 granted to our Company in Class 9 under the name "Maxo-Boxer" in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or insects valid for a period of 10 years from April 7, 2003.

28. Trademark No. 881611 granted to our Company in Class 3 under the name "Vanamala" in respect of cleaning preparations, soaps, shampoo, detergents, blue and cosmetics valid for a period of 10 years from October 13, 1999.

29. Trademark No. 1036916 granted to our Company in Class 3 under the "Vanamala Washing Soap" in respect of cleaning preparations, including soaps valid for a period of 10 years from August 14, 2001.

30. Trademark No. 119073 granted to our Company in Class 5 under the name "Knock Out" in respect of mosquito repellant, insecticide spray, disinfectants, insect repelling, preparation, insect destroying preparation valid for a period of 10 years from April 7, 2003.

31. Trademark No. 1191321 granted to our Company in Class 5 under the name "Maxo Red-XL" in respect of mosquito repellant, insecticide spray, disinfectants, insect repelling preparations, insect destroying preparations valid for a period of 10 years from April 10, 2003.

32. Trademark No. 1180079 granted to our Company in Class 9 under the name "Maxo Webb" in respect of electrical, electronic devices for repelling, destroying mosquitoes, insects valid for a period of 10 years from March 4, 2003.

33. Trademark No. 1191322 granted to our Company in Class 9 under the name "Maxo Red-XL" in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or insects valid for a period of 10 years from April 10, 2003.

34. Trademark No. 1190271 granted to our Company in Class 5 under the name "Maxo-Boxer" in respect of mosquito repellant, insecticide spray, disinfectants, insect repelling preparation, insect destroying preparation valid for a period of 10 years from April 7, 2003.

35. Trademark No. 442643B granted to Mr. M. P. Ramachandran, trading as Jyothy Laboratories, in Class 3 under the name "Nebula" in respect of soaps, detergents and cosmetics valid for a period of 7 years from August 26, 1997 which was further renewed for a period of seven years on September 5, 1999 and subsequently renewed for a period of 10 years.

36. Trademark No. 477244B granted to Mr. M. P. Ramachandran, trading as Jyothy Laboratories, in Class 3 under the trademark "Ujala" (picture of Ujala bottle) in respect of liquid blue, whitening agent valid for a period of 7 years from August 21, 1987 and renewed for further periods of seven years and valid till August 21, 2008.

37. Trademark No. 652879 granted to our Company in Class 3 under the name "Samoola" in respect of soaps and detergents included in Class 3 valid for a period of 10 years from January 23, 1995 and renewed further for periods of 10 years and valid till January 22, 2015.

38. Trademark No. 562318 granted to Mr. M. P. Ramachandran, trading as Jyothy Laboratories, in Class 3 under the name "Inzyme" in respect of soaps, detergent and cosmetics valid for a period of 7 years from November 22, 1991 and renewed for a further period of 10 years and valid till November 22, 2015.

39. Trademark No. 606717 granted to our Company in Class 3 under the name "Nebula" in respect of blue (for laundry), whitening valid for a period of 7 years from September 14, 1993 and renewed for two further periods of seven years.

40. Trademark No. 758734 granted to Mr. M. P. Ramachandran, trading as Jyothy Laboratories, in Class 3 under the name "Jyothy Laboratories" in respect of liquid blue and whitening agent valid for a period of 7 years from August 26, 1997 and renewed for a further period of 10 years.

41. Trademark no 1161809 granted to our Company in Class 3 under the name "More Light" in respect of soaps, detergent soaps and powders, cleaning and scouring preparations, non medicated toilet preparations, included in Class 3 valid from September 17, 2007.
42. Trademark no 1161806 granted to our Company in Class 3 under the name "More Light" in respect of soaps, detergent soaps and powders, cleaning and scouring preparations, non medicated toilet preparations, included in Class 3 valid from September 17, 2007.
43. Trademark no 1161807 granted to our Company in Class 3 under the name "More Light" in respect of soaps, detergent soaps and powders, cleaning and scouring preparations, non medicated toilet preparations, included in Class 3 valid from September 17, 2007.
44. Trademark no 1161808 granted to our Company in Class 3 under the name "More Light" in respect of soaps, detergent soaps and powders, cleaning and scouring preparations, non medicated toilet preparations, included in Class 3 valid from September 17, 2007.
45. Trademark no 1161810 granted to our Company in Class 3 under the name "More Light" in respect of soaps, detergent soaps and powders, cleaning and scouring preparations, non medicated toilet preparations, included in Class 3 valid from September 17, 2007.
46. Trademark no 1194731 granted to our Company in Class 3 under the name "More Light" in respect of soaps, detergent soaps and powders, cleaning and scouring preparations, non medicated toilet preparations, included in Class 3 valid from September 17, 2007.
47. Trademark no 1378831 granted to our Company in Class 3 under the name "More Light" in respect of soaps, detergent soaps and powders, cleaning and scouring preparations, non medicated toilet preparations, included in Class 3 valid from September 17, 2007.
48. Trademark no 1378832 granted to our Company in Class 3 under the name "More Light" in respect of soaps, detergent soaps and powders, cleaning and scouring preparations, non medicated toilet preparations, included in Class 3 valid from September 17, 2007.
49. Trademark no 1378833 granted to our Company in Class 3 under the name "More Light" in respect of soaps, detergent soaps and powders, cleaning and scouring preparations, non medicated toilet preparations, included in Class 3 valid September 17, 2007.
50. Trademark no 1378834 granted to our Company in Class 3 under the name "More Light" in respect of soaps, detergent soaps and powders, cleaning and scouring preparations, non medicated toilet preparations, included in Class 3 valid from September 17, 2007.
51. Trademark no 742424 granted to our Company in Class 3 under the name "More Bright" in respect of bleaching substances and other substances for laundry use, cleaning, polishing, scouring and abrasive preparations and soaps included in Class 3 valid for entire period from September 17, 2007.

Pending Approvals and Licenses

Miscellaneous Licenses

1. Certificate (No. D1/702494/95-96) for registration as a dealer under section 22 of the Pondicherry General Sales Tax Act, 1967 dated August 2, 1995 is valid till March 31, 2007. Our Company has filed an application for renewal on April 10, 2007.
2. Registration and license (No. PMC 164) to work as a factory dated January 24, 2002 granted by the Chief Inspector of Factories & Boilers for Pondicherry to M.P. Ramachandran for the Company's Exo unit which makes dishwash bars. The factory must employ no more than 50 persons and installed motive power must not exceed 255 H.P. The registration number is PY 2889. Our Company has filed an application for renewal of the license for the year 2007 on October 18, 2006.
3. Certificate (No. D1/702494/2001-2002) dated March 29, 2002 granted to our Company for registration as a dealer under section 22 of the Pondicherry General Sales Tax Act, 1967. The Certificate is valid till March 31, 2007. Our Company has filed an application for renewal on April 10, 2007.
4. Certificate (No. D1/702494/2002-2003) dated September 18, 2003 granted to our Company for registration as a dealer under section 22 of the Pondicherry General Sales Tax Act, 1967. The Certificate is valid till March 31, 2007. Our Company has filed an application for renewal on April 10, 2007.

Trademark Licenses

India

1. Trademark Application No. 818686 in the name of our Company in Class 3 for the Ujala Device of Bottle Label in respect of liquid blue, whitening agent, whitening for cleaning included in Class 3 (User claimed since February 1, 1983).
2. Trademark Application No. 818687 in the name of our Company in Class 3 for Ujala Supreme Device of bottle label in respect of liquid blue, whitening agent, whitening for cleaning included in Class 3 (User claimed since February 1, 1983).
3. Trademark Application No. 833589 in the name of our Company in Class 3 under the name "Jyothy Laboratories" in respect of soaps and detergents included in Class 3 (User claimed since January 1, 1985).
4. Trademark Application No. 885213 in the name of our Company in Class 3 under the name "Jiva" in respect of cleaning preparations, soaps including ayurvedic soaps, shampoo, detergents, blue and cosmetics (proposed to be used).
5. Trademark Application No. 891614 in the name of our Company in Class 5 under the name "Exo" in respect of ayurvedic medicinal preparations including ayurvedic soaps, ayurvedic hair oil (proposed to be used).
6. Trademark Application No. 948509 in the name of our Company in Class 9 under the name "Maxo" in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or other insects (proposed to be used).
7. Trademark Application No. 1024965 in the name of our Company in Class 3 under the name "Maya" in respect of agarbatti, perfumes and cosmetics (proposed to be used).
8. Trademark Application No. 1026777 in the name of our Company in Class 3 under the name "Tia" in respect of agarbatti and cosmetics (proposed to be used).
9. Trademark Application No. 1180081 in the name of our Company in Class 5 under the name "Maxo Net" in respect of mosquito repellants, insecticides spray, disinfectants, insect repelling preparations, insect destroying preparations.
10. Trademark Application No. 1186034 in the name of our Company in Class 5 under the name "Red Giant" in respect of mosquito repellant, insecticides spray, disinfectants, insect repelling preparations, insect destroying preparations (User since July 2002).
11. Trademark Application No. 1187095 in the name of our Company in Class 3 under the name "Speed" in respect of soaps, detergent powder, detergent cake, bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations, toiletries, perfumery, essential oils, cosmetics, hair lotions, shampoo, shaving preparations, liquid blue, whitening agent, dentifrices (proposed to be used).
12. Trademark Application No. 1190270 in the name of our Company in Class 9 under the name of "Boxer" in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or other insects (proposed to be used).
13. Trademark Application No. 1190271 in the name of our Company in Class 5 under the name "Maxo-Boxer" in respect of mosquito repellant, insecticides spray, disinfectants, insect repelling preparations, insect destroying preparations (proposed to be used).
14. Trademark Application No. 1190272 in the name of our Company in Class 9 under the name "Maxo-Boxer" in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or other insects (proposed to be used).
15. Trademark Application No. 1190274 in the name of our Company in Class 9 under the name "Knock Out" in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or other insects (proposed to be used).
16. Trademark Application No. 1190275 in the name of our Company in Class 5 under the name "Maxo-Knock Out" in respect of mosquito repellant, insecticides spray, disinfectants, insect repelling preparations, insect destroying preparations (proposed to be used).
17. Trademark Application No. 11901321 in the name of our Company in Class 5 under the name "Maxo Red-XL" in respect of mosquito repellant, insecticides spray, disinfectants, insect repelling preparations, insect destroying preparations (proposed to be used).

18. Trademark Application No. 1191322 in the name of our Company in Class 9 under the name “Maxo Red-XL” in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or other insects (proposed to be used).

19. Trademark Application No. 1192378 in the name of our Company in Class 9 under the name “Hit-Out” in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or other insects (proposed to be used).

20. Trademark Application No. 1192379 in the name of our Company in Class 5 under the name “Hit-Out” in respect of mosquito repellant, insecticides spray, disinfectants, insect repelling preparations, insect destroying preparations (proposed to be used).

21. Trademark Application No. 1192383 in the name of our Company in Class 5 under the name “Maxo Hit” in respect of mosquito repellant, insecticides spray, disinfectants, insect repelling preparations, insect destroying preparations (proposed to be used).

22. Trademark Application No. 1192384 in the name of our Company in Class 9 under the name “Nu Hit-Out” in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or other insects (proposed to be used).

23. Trademark Application No. 1192382 in the name of our Company in Class 9 under the name “Maxo Hit” in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or other insects (proposed to be used).

24. Trademark Application No. 1192380 in the name of our Company in Class 9 under the name “Maxo Hit-Out” in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or other insects (proposed to be used).

25. Trademark Application No. 1192385 in the name of our Company in Class 5 under the name “Nu Hit-Out” in respect of mosquito repellant, insecticides spray, disinfectants, insect repelling preparations, insect destroying preparations (proposed to be used).

26. Trademark Application No. 1193442 in the name of our Company in Class 5 under the name “Maxo—7 to 7” in respect of mosquito repellant, insecticides spray, disinfectants, insect repelling preparations, insect destroying preparations (proposed to be used).

27. Trademark Application No. 1215983 in the name of our Company in Class 5 under the logo of “Jyothy Laboratories Limited” in respect of mosquito repellant, insecticides spray, disinfectants, insect repelling preparations, insect destroying preparations, ayurvedic medicinal preparations including ayurvedic soaps, ayurvedic hair oil (proposed to be used).

28. Trademark Application No. 1254489 in the name of our Company in Class 3 under the name “Jheel” in respect of soaps, detergent powder, detergent cake, bleaching preparations and other substances for laundry use, cleaning preparations, liquid blue, whitening agent, dentifrices (proposed to be used).

29. Trademark Application No. 1281515 in the name of our Company in Class 3 under the name “Rossa” in respect of soaps (proposed to be used).

30. Trademark Application No. 1316725 in the name of our Company in Class 3 under the name “Ujala” in respect of fabric stiffener, fabric softeners, colour guard, colour enhancer, colour brightening chemicals for household purposes (laundry), liquid detergent, fabric bleach, bleaching preparations for laundry, laundry starch, colour removing preparations (proposed to be used).

31. Trademark Application No. 1348941 in the name of our Company in Class 3 under the name “Ujala Stiffy” in respect of fabric care products, fabric softener, cleaning preparations, soaps, cosmetics, hair lotions, dentifrices (proposed to be used).

32. Trademark Application No. 1348942 in the name of our Company in Class 3 under the name “Ujala Stiff-N-Shine” in respect of fabric care products, fabric softener, cleaning preparations, soaps, cosmetics, hair lotions, dentifrices (proposed to be used).

33. Trademark Application No. 1358861 in the name of our Company in Class 3 under the name “Jeevaratna” in respect of hair oil, hair lotions, hair dye, hair colourants, hair care products, soaps, shampoo, cosmetics, perfumery, essential oils, toiletries, dentifrices, cleaning and bleaching preparations (proposed to be used).

34. Trademark Application No. 1358862 in the name of our Company in Class 5 under the name “Maxo AK 47” in respect of mosquito repellant, insecticides spray, disinfectants, insect repelling

preparations, insect destroying preparations (the mark “Maxo” is being used since September 10, 2000 and the above trademark is proposed to be used).

35. Trademark Application No. 1358863 in the name of our Company in Class 9 under the name “Maxo AK 47” in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or other insects (the mark “Maxo” is being used since September 10, 2000 and the above trademark is proposed to be used).

36. Trademark Application No. 1358864 in the name of our Company in Class 9 under the name “Maxo Pentagon” in respect of electrical and/or electronic devices for repelling and/or destroying mosquitoes and/or other insects (the mark “Maxo” is being used since September 10, 2000 and the above trademark is proposed to be used).

37. Trademark Application No. 1358865 in the name of our Company in Class 5 under the name “Maxo Pentagon” in respect of mosquito repellant, insecticides spray, disinfectants, insect repelling preparations, insect destroying preparations (the mark “Maxo” is being used since September 10, 2000 and the above trademark is proposed to be used).

38. Trademark Application No. 1361447 in the name of our Company in Class 3 under the name “Cyclozan” in respect of cleaning preparation, soaps including ayurvedic soaps, shampoo, detergents, blue and cosmetics (proposed to be used).

39. Trademark Application No. 1369867 in the name of our Company in Class 3 under the name “Hatrick” in respect of toiletries, sanitary uses, floor cleaning preparations, detergents (proposed to be used).

40. Trademark Application No. 1371199 in the name of our Company in Class 3 under the name “Ujala—F 16” in respect of agarbattis (proposed to be used).

41. Trademark Application No. 1443291 in the name of our Company under the name “Exo Safai” in Class 3 in respect of cleaning substances and in Class 21 in respect of articles for cleaning purposes (used since October 24, 2001).

42. Trademark Application No. 1443291 in the name of our Company under the name “Samaj” in Class 9 in respect of scientific, nautical, surveying, electric, photographic, cinematographic, optical, weighing, measuring, signaling, checking (supervision), life saving and teaching apparatus and instruments; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin operated apparatus; cash registers, calculating machines, data processing equipment and computers; fire extinguishing apparatus; in Class 11 in respect of apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes; in Class 29 in respect of pickle, meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; fruit sauces, eggs, milk and milk products; edible oils and fats (proposed to be used).

43. Trademark Application No. 1497048 in the name of our Company under the name “Stylewash” in Class 3 in respect of washing preparations, detergent, fabric care substances (proposed to be used).

44. Trademark Application No. 1497049 in the name of our Company under the name “Zarishine” in Class 3 in respect of washing preparations, detergent, fabric care substances (proposed to be used).

45. Trademark Application No. 1497050 in the name of our Company under the name “Zariwash” in Class 3 in respect of washing preparations, detergent, fabric care substances (proposed to be used).

46. Trademark Application No. 1497051 in the name of our Company under the name “T Soft” in Class 3 in respect of washing preparations, detergent, fabric care substances (proposed to be used).

47. Trademark Application No. 964274 in the name of our Company under the name “Zarishine” in Class 3 in respect of cleaning preparations, soaps including ayurvedic soaps, shampoo, detergents, blue and cosmetics (proposed to be used).

48. Trademark Application No. 839037 in the name of Mr. M. P. Ramachandran, trading as Jyothy Laboratories, in Class 3 under the name “Insta Whitening System” in respect of bleaching preparations and other substances for laundry use, cleaning, polishing, scouring and abrasive preparations, soaps, perfumer, essential oils, cosmetics, hair lotions, dentifrices (proposed to be used).

Sri Lanka

1. Trademark Application No. 121973 in Class 3 for the Trademark "Ujala" and "Device" dated October 18, 2004 in respect of liquid fabric whitening blue, liquid fabric whitener, detergent powder, detergent liquid and fabric care preparations.
2. Trademark Application No. 121971 in Class 3 for the Trademark "Jeeva" dated October 12, 2004 in respect of ayurvedic toilet soap, personal care products namely, shampoo, hair oil/ hair tonic, hair preparations, skin cream, baby toileteries.
3. Trademark Application No. 121972 in Class 3 for the Trademark "Ujala" dated October 18, 2004 in respect of liquid fabric whitening blue, liquid fabric whitener, detergent powder, detergent liquid and fabric care preparations.

Malaysia

1. Trademark Application in Indonesian Registration No. D00.2005.023664 in Class 3 for the Trademark "Ujala" and "Device" filed on October 25, 2005.

Bangladesh

1. Trademark Application No. 87656 in Class 3 for the Trademark "Ujala" dated September 22, 2004 in respect of fabric whitener with optical brightener, liquid blue, detergent powder, liquid detergent.
2. Trademark Application No. 87657 in Class 3 for the Trademark "Exo" dated September 22, 2004 in respect of utensil cleaning liquid, powder, paste household cleaning preparations.
3. Trademark Application No. 87658 in Class 3 for the Trademark "Maya" dated September 22, 2004 in respect of incense sticks, agarbattis, aromatic sprays, room fresheners, air fresheners, aroma therapy products perfume.
4. Trademark Application No. 87661 in Class 5 for the Trademark "Maxo" dated September 22, 2004 in respect of household insecticides like mosquito coils, mats, liquids, insect killing sprays, chalks, all lying and crawling insect killing preparations.
5. Trademark Application No. 87660 in Class 3 for the Trademark "Stiff 'N' Shine" dated September 22, 2004 in respect of fabric stiffener for easy ironing and shining to the garments.
6. Trademark Application No. 87655 in Class 3 for the Trademark "Jeeva" dated September 22, 2004 in respect of ayurvedic (herbal) toilet soap and body soap including skin care, facial care, body care, hair care in any form.
7. Trademark Application No. 87659 in Class 3 for the Trademark "Enzim" dated September 22, 2004 in respect of fabric stiffener, detergents, cleaning preparation and all other personal care products.
8. Copyright registered under No. A-55824/99 in respect of the artistic work of "More Bright (Fabric Bleach)" trademark labels valid for entire period from September 17, 2007.
9. Copyright registered under No. A-70060/2005 in respect of the artistic work of "More Light (Darpan)" trademark labels valid for entire period from September 17, 2007.
10. Copyright registered under No. A-70063/2005 in respect of the artistic work of "More Light (Lemon Powder)" trademark labels valid for entire period from September 17, 2007.
11. Copyright registered under No. A-70067/2005 in respect of the artistic work of "More Light (Shaktiman Cake)" trademark labels valid for entire period from September 17, 2007.
12. Copyright registered under No. A-70072/2005 in respect of the artistic work of "More Light (Shaktiman Powder)" trademark labels valid for entire period from September 17, 2007.
13. Copyright registered under No. A-70077/2005 in respect of the artistic work of "More Light (Blue Powder)" trademark labels valid for entire period from September 17, 2007.
14. Copyright registered under No. A-70079/2005 in respect of the artistic work of "More Light (Green Powder)" trademark labels valid for entire period from September 17, 2007.
15. Copyright registered under No. A-79636/2007 in respect of the artistic work of "More Light (Super White)" trademark labels valid for entire period from September 17, 2007.
16. Copyright registered under No. A-79637/2007 in respect of the artistic work of "More Light (Almond)" trademark labels valid for entire period from September 17, 2007.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Company

Our Board has, pursuant to a resolution passed at its meeting held on March 15, 2007 authorized the Offer.

Selling Shareholders

The board of directors of Canzone Limited by way of their resolution dated June 5, 2007 have authorized the Offer for Sale.

ICICI Bank Canada by way of its letter of transmittal dated June 8, 2007 has authorized the Offer for Sale.

ICICI Bank UK by way of its letter of transmittal dated June 7, 2007 has authorized the Offer for Sale.

The board of directors of South Asia Regional Fund by way of their resolution dated June 5, 2007 have authorized the Offer for Sale.

The board of directors of CDC Investment Holdings Limited by way of their resolution dated June 5, 2007 have authorized the Offer for Sale.

We have filed an application with the RBI pursuant to our letter dated June 12, 2007, seeking approval for transfer of Equity Shares in this Offer to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institution on a repatriation basis at an offer price discovered through the SEBI regulated process of book building. As per the RBI regulations, OCBs are not permitted to participate in the Offer. The RBI by way of its letter dated July 23, 2007 has approved the same.

The Selling Shareholders assume no responsibility for any of the statements made by the Company in this Red Herring Prospectus relating to the Company, its business and related disclosures, except statements with relation to each of them as Selling Shareholders.

Prohibition by SEBI, RBI or any other governmental authority

Our Company, our Directors, our Selling Shareholders, our Promoter, our Subsidiary and affiliates and companies with which the Directors are associated as directors have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Neither we nor our Directors, our Selling Shareholders, our Promoter, our Subsidiary and affiliates and companies have been declared to be wilful defaulters by the RBI or government authorities. There are no violations of securities laws committed by any them in the past or pending against them.

Eligibility for the Offer

The Company is eligible for the Offer under clause 2.2.1 of the SEBI Guidelines:

- The Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- The Company has had a pre-Offer net worth of not less than Rs.10 million in each of the three preceding full years;
- The Company has had a track record of distributable profits as per section 205 of Companies Act for at least three out of the immediately preceding five years; and
- The proposed Offer Size would not exceed five times the pre-Offer net worth as per the audited accounts for the year ended June 30, 2007.

The distributable profits as per Section 205 of the Companies Act and the net worth for the last five years as per Company’s restated stand alone financial statements are as under:

Eligibility Criteria	As at June 31, 2007	As at June 30, 2006	(Rs. in million) As at June 30, 2005	As at June 30, 2004	As at March 31, 2003
Net Tangible assets*	2,967.08	2,596.77	2,197.20	1926.19	2,213.05
Monetary assets**	767.82	1,277.23	891.59	599.33	752.33
Distributable profits, as per Section 205 of the Companies Act	516.11	400.07	215.39	—	181.86
Net worth***	2,931.37	2,541.42	2,177.74	1,903.80	1,165.61
Monetary Assets as a percentage of Net Tangible asset	25.88%	49.19%	40.58%	31.11%	34.00%

* *Net Tangible assets is defined as Net Fixed assets excluding Intangible assets (as defined by Accounting Standard 26 issued by the Institute of Chartered Accountants of India) + Capital Work-in-progress + Long term investments + Current assets (including Cash and Bank balances) - Current Liabilities and Provisions.*

** *Monetary assets is defined as Cash in hand, Bank balance and Fixed deposits with banks.*

*** *Net worth is defined as Share capital + Free reserves (including share premium account)*

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED 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 OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERs, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND ENAM SECURITIES PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE 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 KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND ENAM SECURITIES PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 28, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

"(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS, MORE PARTICULARLY REFERRED TO IN THE ANNEXURE, IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER.

(II) 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 OFFER PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

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

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

C) **THE DISCLOSURES MADE IN THE 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 OFFER.**

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

(IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

(V) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE 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 THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS."

All legal requirements pertaining to the Offer 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.

The filing of the Red Herring Prospectus does not, however, absolve the Company from any liabilities under section 63 and section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Offer. 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 Red Herring Prospectus.

Disclaimer from the Company and the BRLMs

Investors that bid in the Offer will be required to confirm and will be deemed to have represented to the Company, and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules,

The Company, the Selling Shareholders, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.jyothylaboratories.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs and the Company dated June 21, 2007 and the Underwriting Agreement to be entered into among the Underwriters and the Company.

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

Neither the Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors), HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted Non-Residents including Eligible NRIs, FIIs and eligible foreign investors. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares Offerd 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 Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that the Red Herring Prospectus had been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be Offerd or sold, directly or indirectly, and this 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 Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be Offerd or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Disclaimer clause of the BSE

BSE has given vide its letter dated August 1, 2007, permission to us to use BSE's name in the Red Herring Prospectus as one of the stock exchanges on which our securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- Warrant that this Company's securities will be listed or will continue to be listed on BSE; or
- Take any responsibility for the financial or other soundness of this 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 the 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 the Draft Red Herring Prospectus has been submitted to NSE. NSE has given in its letter no. NSE/LIST/52198-8 dated July 31, 2007, 2007, permission to us to use NSE's name in the Red Herring Prospectus as one of the stock exchanges on which our securities are proposed to be listed, The NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that the 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 the Draft Red Herring Prospectus; nor does it warrant that our 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 the Company, its promoters, its management or any scheme or project of this Company.

Every Person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against 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.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration with RoC situated at Mumbai.

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being issued through this Red Herring Prospectus.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it (i.e. from the date of refusal or within 15 days from the date of Bid/Offer Closing Date, whichever is earlier), then the Company shall, on and from expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Offer.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A 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."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Offer; and (b) the Book Running Lead Manager, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Offer to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC 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 the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, M/s S. R. Batliboi & Associates, the Company's Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Credit Analysis & Research Limited, the agency engaged by us for the purpose of obtaining IPO grading in respect of this Offer, has given its written consent as an expert to the inclusion of its report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus with the Designated Stock Exchange.

Expert Opinion

Except the report of Credit Analysis & Research Limited in respect of the IPO grading of this Offer annexed herewith and except as stated elsewhere in this Red Herring Prospectus, we have not obtained any expert opinions.

Offer Related Expenses

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

Activity	Expense (in Rs. million)	Expense (% of total expenses)	Expense (% of Offer Size)
Lead management fee and underwriting commissions*	[●]	[●]	[●]
Advertising and marketing expenses*	[●]	[●]	[●]
Printing and stationery*	[●]	[●]	[●]
Registrar's fee*	[●]	[●]	[●]
Other Fees*	[●]	[●]	[●]
Total estimated Offer expenses*	[●]	[●]	[●]

* *Will be completed after finalisation of the Offer Price.*

All of the expenses of the Offer will be borne by the Selling Shareholders, with the exception of the listing fee, which will be borne by the Company.

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the Book Running Lead Managers and the Syndicate Members (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLMs a copy of which is available for inspection at the office of the Company located at 43, Shivshakti Industrial Estate, Andheri-Kurla Road, Marol, Mumbai 400 059.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at the registered office of the Company.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Offers during the Last Five Years

We have not made any public or rights issues during the last five years.

Issues other than for Cash

Except as stated in the section titled "Capital Structure" on page 15 of this Red Herring Prospectus and "History and Corporate Structure" on page 64 of this Red Herring Prospectus, the Company has not issued any Equity Shares for consideration other than for cash.

Commission and Brokerage paid on Previous Offers of the Equity Shares

Since this is the initial public offering of the Company's Equity Shares, no sum has been paid or payable as commission or brokerage for subscribing to, procuring or agreeing to procure subscription for its Equity Shares since the Company's incorporation.

Companies under the Same Management

There is no other company under the same management within the meaning of erstwhile section 370 (1B) of the Companies Act, other than our Subsidiary, joint ventures, associates and Promoter Group, details of which are provided in the sections titled "History and Corporate Structure" and "Our Promoter and Promoter Group" beginning on pages 64 and 86 of this Red Herring Prospectus.

Promise vs. Performance—Last Offer of Promoter Group/Associate Companies

There has been no public issue by any of the Promoter Group/Associate Companies in the last five years.

Outstanding Debentures or Bonds

The Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

The Company does not have any outstanding preference shares.

Stock Market Data of our Equity Shares

This being an initial public offer of the Company, the Equity Shares are not listed on any stock exchange and hence no stock market data is available.

Purchase of Property

Except as stated in this Red Herring Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

Mechanism for Redressal of Investor Grievances

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

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

Disposal of Investor Grievances by the Company

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

The Company has appointed Mr. M.L.Bansal, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems. He can be contacted at the following address:

Mr. M.L. Bansal
43, Shivshakti Industrial Estate,
Andheri-Kurla Road,
Marol, Mumbai 400 059
Tel No: (91 22) 28502470
Fax: (91 22) 28501734
Email: ipo@jyothy.com

Changes in Auditors

There have been no changes to our auditors in the last three years.

Capitalisation of Reserves or Profits

Except as disclosed in this Red Herring Prospectus, we have not capitalised our reserves or profits at any time during the last five years.

Revaluation of Assets

The Company has not revalued its assets in the last five years.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advice and other documents that may be executed in relation to the Offer. The Equity Shares will also be subject to laws, guidelines, notifications and regulations relating to the offering of capital and listing of securities issued from time to time by SEBI, the Government, the Stock Exchanges, the RoC, the RBI and other authorities, as in force on the date of the Offer and to the extent applicable.

Authority for the Offer

Company

Our Board has, pursuant to a resolution passed at its meeting held on March 15, 2007 authorized the Offer.

Selling Shareholders

The board of directors of Canzone Limited by way of their resolution dated June 5, 2007 have authorized the Offer for Sale.

ICICI Bank Canada by way of its letter of transmittal dated June 8, 2007 has authorized the Offer for Sale.

ICICI Bank UK by way of its letter of transmittal dated June 7, 2007 has authorized the Offer for Sale.

The board of directors of South Asia Regional Fund by way of their resolution dated June 5, 2007 have authorized the Offer for Sale.

The board of directors of CDC Investment Holdings Limited by way of their resolution dated June 5, 2007 have authorized the Offer for Sale.

We have filed an application with the RBI pursuant to our letter dated June 12, 2007, seeking approval for transfer of Equity Shares in this Offer to eligible NRIs, FIIS, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institution on a repatriation basis at an offer price discovered through the SEBI regulated process of book building. As per the RBI regulations, OCBs are not permitted to participate in the Offer. The RBI by way of its letter dated July 23, 2007 has approved the same.

The Selling Shareholders assume no responsibility for any of the statements made by the Company in this Red Herring Prospectus relating to the Company, its business and related disclosures, except statements with relation to each of them as Selling Shareholders.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the rest of our Equity Shares, including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Offer will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment.

Mode of Payment of Dividend

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

Face Value and Offer Price

The face value of the Equity Shares is Rs. 5 each and the Offer Price is Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms specified by SEBI from time to time.

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, the terms of the Listing Agreement with the Stock Exchanges and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles, which relate to, *inter alia*, voting rights, dividend, forfeiture and lien and/or consolidation/splitting, see the section titled "Main Provisions of Articles of Association" beginning on page 249 of this Red Herring Prospectus.

Market Lot and Trading Lot

In accordance with section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of 10.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/authorities in Mumbai, Maharashtra.

Nomination Facility to 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 a sole Bidder, or in case of joint Bidders, death of all those Bidders, the Equity Shares Allotted, if any, shall vest. The 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 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 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 our Registered Office or from the Registrar to the Offer.

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

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

Further, our 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 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors wish to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If there is a delay beyond eight days after we become liable to pay the amount, we shall pay the interest prescribed under section 73 of the Companies Act.

Further, in accordance with clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective Allottees to whom Equity Shares will be Allotted will not be less than 1,000.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (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.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

OFFER STRUCTURE

The present Offer of 4,430,260 Equity Shares with a face value of Rs. 5 each, at an Offer Price of Rs. [•] for cash aggregating Rs. [•] million is being made through the 100% Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	Up to 2,215,130 Equity Shares or Offer Size less allocation to Retail Individual Bidders and Non-Institutional Bidders.*	At least 664,540 Equity Shares or Offer Size less allocation to QIB Bidders and Retail Individual Bidders.*	At least of 1,550,590 Equity Shares or Offer Size less allocation to QIB Bidders and Non-Institutional Bidders.*
Percentage of Offer Size available for Allotment/allocation	Up to 50% of Offer Size being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	At least of 15% of Offer or the Offer less allocation to QIB Bidders and Retail Individual Bidders.	At least of 35% of Offer or the Offer less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/allocation if respective category is oversubscribed	Proportionate, as follows: (a) 110,760 Equity Shares shall be allocated on a proportionate basis to Mutual Funds only; and** (b) 2,104,370 Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	10 Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the Offer, subject to applicable limits.	Such number of Equity Shares not exceeding the Offer subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	10 Equity Shares in multiples of 10 Equity Shares	10 Equity Shares in multiples of 10 Equity Shares	10 Equity Shares in multiples of 10 Equity Shares
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, FIIs registered with SEBI, scheduled commercial banks, Mutual Funds, multilateral and bilateral development financial institutions, venture	NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Individuals (including HUFs and NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	capital funds registered		

| QIBs | Non-Institutional Bidders | Retail Individual Bidders |

	with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.		
Terms of payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.
Margin Amount	At least 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding

* *In the event of under-subscription in any of these categories, the unsubscribed portion may be added to one of the other categories at the sole discretion of our Company, the Selling Shareholders and the BRLMs.*

** *In the event of under-subscription in the Mutual Fund Portion only, the unsubscribed portion would be added to the balance of the QIB Portion to be allocated on a proportionate basis to QIB Bidders.*

*** *The Offer is being made through the 100% book building process wherein upto 50% of the Offer shall be available for allocation on a proportionate basis to QIBs, 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 Offer Price. At least 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and At least 35% of the Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.*

**** *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.*

Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Offer at anytime including after the Bid/Offer Closing Date, without assigning any reason for doing so.

Bidding/Offer Programme

BID/OFFER OPENS ON: .... November 22, 2007
BID/OFFER CLOSES ON: .... November 27, 2007

Bids and any revision in Bids will only be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bid/Issue Period as mentioned above at the bidding centres mentioned in the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days.

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 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 BSE and the NSE, by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

Our Company and the Selling Shareholders reserve the right to revise the Price Band during the Bidding/Offer Period in accordance with SEBI Guidelines. The cap of the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with that rule, 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 /Offer Opening Date.

OFFER PROCEDURE

Book Building Procedure

The Offer is being made through the 100% Book Building Process whereby up to 50% of the Offer shall be available for allocation on a proportionate basis to QIBs, 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 Offer Price. Not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

Bidders are required to submit their Bids through the Syndicate. However, the Bids by QIBs shall be submitted only to the BRLMs or their affiliates or Syndicate Member duly appointed by them in this regard. In case of QIB Bidders, our Company and the Selling Shareholders in consultation with the BRLMs may reject Bids at the time of acceptance of a Bid cum Application Form provided that the reasons for rejecting them shall be provided to the Bidder in writing. In the case of Non-Institutional Bidders and Retail Individual Bidders, our Company would only have a right to reject the Bids on technical grounds.

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in dematerialised form. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised 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 accordance with the Red Herring Prospectus. The Bidder 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 allocation of the Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered 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 our Company to make the necessary changes in the 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**
Indian public and NRIs applying on a non-repatriation basis	White
Non-residents, eligible NRIs, FVCIs, FIIs etc. applying on a repatriation basis.........	Blue

Who can Bid?

- Indian nationals resident in India who are majors in single or joint names (not more than three);
- Hindu Undivided Families (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 on a par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
- Mutual Funds;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;

- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in equity shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- FII registered with SEBI, on a repatriation basis;
- Scientific and/or Industrial Research Organisations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- As permitted by the applicable laws, Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares; and
- Multilateral and Bilateral Development Financial Institutions.

Under existing regulations, OCBs are prohibited from investing in this Offer.

Note: The BRLMs and Syndicate Members shall not be entitled to subscribe to this Offer in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs, and Syndicate Members may subscribe for Equity Shares in the Offer, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

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 110,760 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

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.

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.

Application by NRIs

Bid cum Application Forms have been made available for NRIs at our Registered Office, with Members of the Syndicate and with the Registrar to the Offer.

NRI applicants should note that only applications accompanied by payment in free foreign exchange shall be considered for Allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form for Resident Indians.

Application by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The Allotment of Equity Shares to a single FII should not exceed 10% of our post-Offer issued capital, i.e. 1,451,376 Equity Shares. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, in accordance with the foreign investment limits applicable to us, the total FII investment cannot exceed 24% of our total paid up capital. However, pursuant to the approval of the shareholders of our Company on June 9, 2007, the limit for the total FII investment in our Company has been raised to 40%.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to above is made to any person other than a regulated entity.

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. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. 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 law.

Maximum and Minimum Bid Size

***For Retail Individual Bidders*:**

The Bid must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares thereafter, so as to ensure that the Bid Price 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 Price does not exceed Rs. 100,000. In case the Bid Price 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 at the final Offer Price as determined at the end of the Book Building Process.

***For Other Bidders (Non-Institutional Bidders and QIBs)*:**

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 10 Equity Shares thereafter. A Bid cannot be submitted for more than the Offer Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws.

Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Offer Closing Date and is required to pay QIB Margin upon submission of Bid.

In case of a 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'.

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 law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders

(a) Our Company and the Selling Shareholders will file the Red Herring Prospectus with the RoC at least three days before the Bid/Offer Opening Date.

(b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate.

(d) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Member or their authorized agent(s) to register their Bids.

(e) 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

(a) Our Company, the Selling Shareholders and the BRLMs shall declare the Bid/Offer Opening Date, Bid/Offer Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Marathi). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Offer Period in accordance with the terms of the Syndicate Agreement.

(b) The Bidding Period shall be for a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in three national newspapers (one each in English and Hindi) and one Marathi newspaper and the Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding 10 working days.

(c) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices 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 Offer Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Offer Price will be considered for allocation/allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(d) 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 Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Offer Procedure—Build Up of the Book and Revision of Bids" on page 234 of this Red Herring Prospectus.

(e) 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.

(f) During the Bidding/Offer 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, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

(g) Along with the Bid cum Application Form, all Bidders will be required to make payment in the manner described under the section titled "Offer Procedure" on page 228 of this Red Herring Prospectus.

Bids at Different Price Levels

(a) The Price Band has been fixed at Rs. 620 to Rs. 690 per Equity Share, Rs. 620 being the lower end of the Price Band and Rs. 690 being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Re. 1 (Rupee One).

(b) Our Company and the Selling Shareholders in consultation with the BRLMs, reserves the right to revise the Price Band, during the Bidding Period, in accordance with SEBI 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 the Red Herring Prospectus.

(c) In case of revision in the Price Band, the Offer Period will be extended for three additional working days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/Offer Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one Marathi newspaper, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

(d) Our Company and the Selling Shareholders, in consultation with the BRLMs, can finalize the Offer Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

(e) 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 Individual Bidders a 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 QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

(f) Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price 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 Offer multiplied by the Offer Price), the Retail Individual Bidders, who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

(g) In case of an upward revision in the Price Band announced as above, Retail Individual 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 Price 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 Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Offer 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 is deemed to have approved such revised Bid at Cut-off Price.

(h) 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.

(i) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 10 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

Our Company, the Selling Shareholders and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor 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 Price from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the 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 Offer Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Offer to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder, shall provide 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 favor of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the section titled "Offer Procedure" on page 228 of this Red Herring Prospectus.) 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 price 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 until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Offer from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Banker(s) to the Offer. The balance amount after transfer to the Public Offer Account shall be held for the benefit of the Bidders who are entitled to refunds. No later than 15 (fifteen) days from the Bid/Offer Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts 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 and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Offer Structure" on page 225 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Offer Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two (2) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, 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/allotted lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation/allotment, will be refunded to such Bidder within 15 days from the Bid/Offer 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

(a) 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.

(b) The BSE and NSE will offer a screen-based facility for registering Bids for the Offer. This facility will be available on the terminals of the Members of the Syndicate and their authorized agents during the Bidding 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 half hourly basis. On the Bid Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centers and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding Period.

(d) 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.
- Investor Category—Individual, Corporate, NRI, FII, or Mutual Fund etc.
- Numbers of Equity Shares bid for.
- Bid price.
- Bid cum Application Form number.

- Whether Margin Amount has been paid upon submission of Bid cum Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(e) 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/allotment either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, members of the Syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in the section titled "Offer Procedure—Rejection of Bids—Grounds for Technical Rejection" on page 242 of this Red Herring Prospectus.

(h) 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 our Company and/or 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 Promoters, our management or any scheme or project of our Company.

(i) 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 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 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

(a) 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.

(b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.

(c) During the Bidding/Offer 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.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid price 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.

(e) The Bidder can make this revision any number of times during the Bidding 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.

(f) 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.

(g) 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 Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment 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.

(h) 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.**

(i) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Price Discovery and Allocation

(a) After the Bid/Offer Closing Date, the BRLMs will analyze the demand generated at various price levels.

(b) The Company and the Selling Shareholders in consultation with the BRLMs shall finalize the "Offer Price".

(c) The allocation to QIBs will be up to 50% of the Offer and allocation to Non-Institutional and Retail Individual Bidders will be at least 15% and 35% of the Offer, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Offer Price.

(d) Under-subscription, if in any category would be met with spill over from any other category at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 110,760 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders.

(e) Allocation to Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

(f) The BRLMs, in consultation with us and the Selling Shareholders, shall notify the members of the Syndicate of the Offer Price and allocations to their respective Bidders, where the full Bid Price has not been collected from the Bidders.

(g) The Company reserves the right to cancel the Offer any time after the Bid/Offer Opening Date without assigning any reasons whatsoever. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Offer Closing Date.

Notice to QIBs: Allotment Reconciliation

After the Bid/Offer Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Offer Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Issuance of CAN

(a) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs, or Registrar to the Offer shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Offer. The approval of the basis of allotment 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, investors should note that the Company shall ensure that the date of allotment of the Equity Shares to all investors in this Offer shall be done on the same date.

(b) The BRLMs or members of the Syndicate would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer 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 amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated/allotted 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 Offer subject, however, to realization 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 Offer Price for the allotment to such Bidder.

(d) The issuance of CAN is subject to the terms described in the section titled "Offer Procedure—Notice to QIBs: Allotment Reconciliation" on page 235 of this Red Herring Prospectus.

Signing of Underwriting Agreement and RoC Filing

The Company, the Selling Shareholders, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Offer Price and allocation(s)/Allotment to the Bidders.

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 Offer Price, Offer Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

We will file a copy of the Prospectus with the RoC in accordance with section 56, section 60 and section 60B of the Companies Act.

Announcement of pre-Offer Advertisement

Subject to section 66 of the Companies Act, the Company shall after receiving final observations, if any, on this Prospectus from SEBI, publish an advertisement, in the from prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one national newspaper and a regional language newspaper.

Advertisement regarding Offer Price and Prospectus

We 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 Offer Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares

(a) Our Company and the Selling Shareholders will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Offer Closing Date. After the funds are transferred from the Escrow Account to the Public Offer Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account allotment of the Equity Shares to the Allottees shall be within 15 days from the Bid/Offer Closing Date.

(b) In accordance with the SEBI Guidelines, Equity Shares will be transferred and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize 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/Allotted to them pursuant to this Offer.

General Instructions

Do's:

(a) Check if you are eligible to apply;

(b) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) as the case may be;

(c) Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of Equity Shares will be in the dematerialized form only;

(d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;

(e) Ensure that you have been given a TRS for all your Bid options;

(f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(g) 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 Bid cum 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;

(h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and

(i) 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:

(a) Do not bid for lower than the minimum Bid size;

(b) Do not bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders);

(g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Offer 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;

(h) **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:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white or blue or pink).

(b) 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.

(c) For Retail Individual Bidders, the Bid must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Price exceeds or equals to Rs. 100,000 and in multiples of 10 Equity Shares thereafter. Bids cannot be made for more than the Offer 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.

(e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(f) 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 Offer 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 Offer 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 Offer.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Offer, 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 Company, 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.

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.

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made in the following manner:

(a) 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.

(b) In a single name or joint names (not more than three).

(c) NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation;

(d) By other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 10 thereafter that the Bid Price exceeds Rs. 100,000. For further details, please refer to the section titled 'Offer Structure' on page 225of this Red Herring Prospectus.

(e) In the names of individuals, or in the names of FIIs 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. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

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, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

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, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

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, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, 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, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our 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 our Company and the BRLMs may deem fit.

Payment Instructions

The Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/allotment in the Offer. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/allotment as per the following terms:

Payment into Escrow Account

(a) The Bidders for whom the applicable Margin Amount is equal to 100%, shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate.

(b) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Offer 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.

(c) The payment instruments for payment into the Escrow Account should be drawn in favor of:

- In case of Resident QIB Bidders: "Escrow Account—Jyothy Public Offer—QIB—R"
- In case of Non-resident QIB Bidders: "Escrow Account—Jyothy Public Offer—QIB—NR"
- In case of Resident Retail and Non-Institutional Bidders: "Escrow Account—Jyothy Public Offer—R"
- In case of Non Resident Retail and Non-Institutional Bidders: "Escrow Account—Jyothy Public Offer—NR"

(d) 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 authorized 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. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made out of NRO account.

(e) 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.

(f) Where a Bidder has been allocated/allotment 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 Refund Account.

(g) The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

(h) 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 Offer Account with the Bankers to the Offer.

(i) On the Designated Date and no later than 15 days from the Bid/Offer 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/allotment to the Bidders.

(j) 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/ Postal orders will not be accepted.

Payment by Stockinvest

In accordance with RBI 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 Offer.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

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 favor 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 as per the Demographic Details received from the Depository.

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 this regard, illustrations of certain procedures which may be followed by the Registrar to the Offer to detect multiple applications are provided below:

(a) All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple masters.

(b) In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.

(c) Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names.

(d) The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.

(e) After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

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), 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), 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.**

Our Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, our Company has 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:

(a) Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;

(b) Age of First Bidder not given;

(c) In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

(d) Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;

(e) 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;

(f) GIR number furnished instead of PAN;

(g) Bids for lower number of Equity Shares than specified for that category of investors;

(h) Bids at a price less than lower end of the Price Band;

(i) Bids at a price more than the higher end of the Price Band;

(j) Bids at Cut Off Price by Non-Institutional and QIB Bidders

(k) Bids for number of Equity Shares which are not in multiples of 10;

(l) Category not ticked;

(m) Multiple Bids as defined in this Red Herring Prospectus;

(n) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

(o) Bids accompanied by Stockinvest/money order/postal order/cash;

(p) Signature of sole and / or joint Bidders missing;

(q) Bid cum Application Forms does not have the stamp of the BRLMs, or Syndicate Members;

(r) Bid cum Application Forms does not have Bidder's depository account details;

(s) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Offer Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;

(t) 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 Depositary Participant's identity (DP ID) and the beneficiary's account number;

(u) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

(v) Bids by QIBs not submitted through members of the Syndicate;

(w) Bids by OCBs;

(x) Bids by employees the Company who are not Indian nationals and are not in India on the date of submission of the Bid cum Application form in the Offer;

(y) Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act or other than in reliance on Regulation S under the Securities Act; and

(z) Bids by any persons outside India if not in compliance with applicable foreign and Indian laws.

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 Offer shall be only in a de-materialized 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 Offer:

- Agreement dated June 13, 2007 with NSDL, the Company and the Registrar to the Offer;
- Agreement dated September 26, 2007 with CDSL, the Company and the Registrar to the Offer.

All Bidders can seek allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) 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.

(b) 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.

(c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

(d) 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.

(e) 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.

(f) 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.

(g) 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 our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares of the Company would be in dematerialized 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 Offer should be addressed to the Registrar to the Offer 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 Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

Disposal of Applications and Application Moneys and Interest in case of Delay

The Company and the Selling Shareholders shall ensure dispatch of Allotment advice, refunds and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 15 days from the Bid/Offer Closing Date.

Refunds shall be made in the manner described in the section titled "Offer Procedure" on page 228 of this Red Herring Prospectus.

For this purpose, the details of bank accounts of applicants would be taken directly from the depositories' database. The Registrar to the Offer will send the electronic files with the refund data to the Bankers to the Offer and the Bankers to the Offer shall send the refund files to the RBI system within 15 days from the Bid/Offer Closing Date. A suitable communication shall be sent to the Bidders receiving refund through this mode within 15 days of Bid/Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company and the Selling Shareholders shall use best efforts to ensure that all steps for 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 are taken within seven working days of finalization of the basis of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, we and the Selling Shareholders further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Offer Closing Date;
- Refunds will be done within 15 days from the Bid/Offer Closing Date at the sole or First Bidder's sole risk; and
- We shall pay interest @15% per annum if the 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 within 15 days from Bid/Offer Closing Date.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Offer.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

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."

Basis of Allotment

For Retail Individual Bidders

(a) Bids received from the Retail Individual Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Offer Price.

(b) The Offer Size less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.

(c) If the aggregate demand in this category is less than or equal to 1,550,590 Equity Shares at or above the Offer Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

(d) If the aggregate demand in this category is greater than 1,550,590 Equity Shares at or above the Offer Price, the allotment shall be made on a proportionate basis up to a minimum of 10 Equity Shares. For the method of proportionate basis of allotment, refer below.

For Non-Institutional Bidders

(a) Bids received from Non-Institutional Bidders at or above the Offer 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 Offer Price.

(b) The Offer Size less allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.

(c) If the aggregate demand in this category is less than or equal to 664,540 Equity Shares at or above the Offer Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.

(d) In case the aggregate demand in this category is greater than 664,540 Equity Shares at or above the Offer Price, allotment shall be made on a proportionate basis up to a minimum of 10 Equity Shares. For the method of proportionate basis of allotment refer below.

For QIBs

(a) Bids received from the QIB Bidders at or above the Offer Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIB Bidders will be made at the Offer Price.

(b) The QIB Portion shall be available for allotment to QIB Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.

(c) Allotment shall be undertaken in the following manner:

    (i) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

    - In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - 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 Offer Price.

    Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (ii) below;

    (ii) In the second instance allotment to all QIBs shall be determined as follows:

    - The number of Equity Shares available for this category shall be the QIB Portion less allocation only to Mutual Funds as calculated in (i) above.
    - The subscription level for this category shall be determined based on the overall subscription in the QIB Portion less allocation only to Mutual Funds as calculated in (i) above.

(d) Based on the above, the level of the subscription shall be determined and proportionate allocation to all QIBs including Mutual Funds in this category shall be made.

(e) The aggregate allotment to QIB Bidders shall be up to 2,215,130 Equity Shares.

Letters of Allotment or Refund Orders

We and the Selling Shareholders shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 days of the Bid Closing Date / Offer Closing Date. We shall ensure refunds as per the modes of refund discussed in the paragraph given below.

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

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Offer Closing Date;

- ***Dispatch of refund orders***

  Refunds will be done within 15 days from the Bid/Offer Closing Date at the sole or First Bidder's sole risk. We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Offer; and

- ***Interest in case of delay in dispatch of allotment letters/refund orders***

  We and the Seling Shareholders shall pay interest @15% per annum if the 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 within 15 days from Bid/Offer Closing Date.

  Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Modes of Refund

The payment of refund, if any, shall be undertaken in any of the following manners:

1. NEFT

Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of the RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the Demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

2. ECS

Payment of refund shall be undertaken through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the above mentioned fifteen centers.

3. Direct Credit

Applicants having bank accounts with the Banker(s) to the Offer, in this case being, ABN AMRO Bank, HDFC Bank Limited, ICICI Bank Limited and Kotak Mahindra Bank Limited shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Bank(s) to the Offer for the same would be borne by the Offer.

4. RTGS

Applicants having a bank account at any of the abovementioned fifteen centers and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for

RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

Note: We expect that all payments including where refund amounts exceed Rs. 1,000,000 (Rupees One Million) shall be made through NEFT, however in some exceptional circumstances where refund amounts exceed Rs. 1,000,000 (Rupees One Million), refunds may be made through RTGS.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such 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 centers will be payable by the Bidders.

In case of revision in the Price Band, the Bidding/Offer Period shall be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

Undertakings by our Company

We undertake the following:

- that the complaints received in respect of this Offer shall be attended to by us expeditiously and satisfactorily;
- 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 finalization of the basis of allotment;
- that the funds required for dispatch of refund orders /allotment letters to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Offer by us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of Bid/Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund; and
- that no issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Undertakings by the Selling Shareholders

The Selling Shareholders undertake the following:

- that the Equity Shares being sold pursuant to the Offer, have been held by us for a period of more than one year and the Equity Shares are free and clear of any liens or encumbrances, and shall be transferred to the eligible investors within the specified time;
- that the Selling Shareholders shall not have recourse to the proceeds of the Offer until the approval for the trading of the Equity Shares from all the stock exchanges where listing is sought has been received.

Utilisation of Offer Proceeds

This being an Offer for Sale, our Company will not receive any proceeds from the sale of the Equity Shares by the Selling Shareholders.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 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 investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy 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 current foreign investment policies, foreign investment in the construction and engineering sector is permitted under the automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Subscription by foreign investors (NRIs/FIIs)

We have filed an application with the RBI pursuant to our letter dated June 12, 2007 seeking approval for transfer of Equity shares in this offer to Non Residents, NRIs, FIIs and foreign venture capital funds, multilateral and bilateral development financial institutions and other foreign investors. The RBI by way of its letter dated July 23, 2007 has approved the same.

There is no reservation for Non Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations, OCBs cannot participate in the Offer.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (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.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. The Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of our Company are set forth below. Please note that each provision in this section is numbered as per the corresponding article number in the Articles and capitalised terms have the meaning ascribed to them in the Articles.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Article 4 provides that, "The Company in General Meeting may, from time to time, by Special Resolution increase the Capital by the creation of new Shares the increase to be of such aggregate amount and to be divided into Shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any Shares of the original or increased Capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such Shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company in conformity with sections 87 and 88 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of section 97 of the Act."

Article 6 provides that, "Subject to the provisions of section 80 of the Act, the Company shall have the power to issue preference shares, which are, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption."

Article 8 provides that, "The Company may (subject to the provisions of sections 78, 80 and 100 to 105 inclusive of Act) from time to time by Special Resolution reduce its Capital and any Capital Redemption Reserve Account or share premium account in any manner for the time being authorised by law, and in particular Capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have, if these Articles were omitted."

Article 9 provides that, "Subject to the provisions of section 94 of the Act, the Company in General Meeting may, from time to time, consolidate all or any of its share capital into Shares of larger amount than its existing Shares or sub-divide its Shares, or any of them into Shares of smaller amount than is fixed by the memorandum and the resolution whereby any Share is sub-divided, may determine that, as between the holders of the Shares resulting from such sub-division one or more of such Shares shall have some preference or special advantage as regards dividend, Capital or otherwise over or as compared with the others or other. Subject to as aforesaid the Company in General Meeting may also cancel Shares which 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."

Article 10 provides that, "If at any time share capital, by reason of the issue of Preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound-up be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths 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. This Article shall not derogate from any power, which the Company would have if these Articles were omitted. The provision of these Articles relating to General Meetings shall, *mutatis mutandis*, apply to every such separate Meeting but so that if at any adjourned Meeting of such holders a quorum as defined above is not present, those persons who are present shall be the quorum."

FURTHER ISSUE OF CAPITAL

Article 14 provides that,

"(a) 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 Equity 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 Equity Shares then:

(i) Such further Equity 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 nearly as circumstances admit, to the Capital paid up on those Equity Shares at that date;

(ii) Such offer shall be made by a notice specifying the number of Equity Shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer if not accepted, will be deemed to have been declined;

(iii) The offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the Equity Shares offered to him or any of them in favour of any other Person and the notice referred to in sub clause (ii) shall contain a statement of this right.

(iv) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the Person to whom such notice has been given that he declines to accept the Equity Shares offered, the Board may dispose off them in such manner as they think most beneficial to the Company.

(b) Notwithstanding anything contained in sub clause (a) above, the further Equity Shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (i) of sub-clause (a) hereof in any manner whatsoever.

(i) If a Special Resolution to that effect is passed by the Company in General Meeting, or

(ii) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that 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 in this behalf, that the proposal is most beneficial to the Company.

(c) Nothing in sub clause (c) of clause (1) hereof shall be deemed:

(i) To extend the time within which the offer should be accepted; or

(ii) To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Equity Shares comprised in the renunciation.

(d) Nothing in this Article shall apply to the increase of the subscribed Capital of the Company caused by the exercise of an option attached to the Debentures issued by the Company;

(i) To convert such Debentures or loans into Equity Shares in the Company; or

(ii) To subscribe for Equity Shares in the Company.

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:

(i) 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 rules, if any, made by that government in this behalf; and

(ii) 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 loans."

ISSUE OF SHARES FOR CONSIDERATION OTHER THAN CASH

Article 17 provides that, "Subject to these Articles and the provisions of the Act, the Board may issue and allot Shares in the Capital of the Company as payment or in consideration or as part payment or in part consideration of the purchase or acquisition of any property or for services rendered to the Company in the conduct of its business and Shares which may be so issued or allotted shall be credited or deemed to be credited as fully paid up Shares."

DEPOSIT AND CALL ETC., TO BE A DEBT PAYABLE IMMEDIATELY

Article 19 provides that, "The money, if any, which the Board shall, on the allotment of any Shares being made by them. require or direct to be paid by way of deposit, call or otherwise in respect of any Shares allotted by them shall, immediately on the insertion of the name or the name of the allottee in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly."

LIABILITY OF MEMBERS

Article 20 provides that, “Every Member, or his heirs, executors or administrators, shall pay to the Company the portion of the Capital represented by his Share or Shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Company”s regulations require or fix for the payment thereof.”

SHARE CERTIFICATES

Article 21(a) provides that, “Every Member shall be entitled, without payment, to one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Board so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of applications of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the Seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall in such form as the Board may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.”

THE FIRST NAMED OF JOINT-HOLDERS DEEMED SOLE HOLDER

Article 23 provides that, “If any Share stands in the names of two or more persons, the person first named in the Register or Members shall, as regards receipts of dividends or bonus or service of notice and all or any other matter connected with the Company, except voting at Meetings, and the transfer of the Shares, be deemed the sole holder thereof but 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 and for all incidents thereof according to the Company”s regulations.”

COMPANY NOT BOUND TO RECOGNISE ANY INTEREST IN SHARE OTHER THAN THAT OF REGISTERED HOLDER

Article 24 provides that, “Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any Share, (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof, but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons or the survivor or survivors of them.”

COMPANY TO PURCHASE ITS OWN SECURITIES

Article 25 provides that, “Subject to the provisions of sections 77A, 77AA and 77B of the Act, the Company may purchase its own Shares or other specified securities referred to as buy-back out if its free reserves or the securities premium account or the proceeds of any Shares or other specified securities. No buy-back of any kind of Shares or other specified securities will be made out of the proceeds of an earlier issue of the same kind of Shares or same kind of other specified securities.”

DEMATERIALISATION OF SECURITIES

Article 26 provides that “Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its Shares, Debentures and other securities (both present and future) held by it with the Depository and to offer its Shares, Debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.”

Article 27(a) provides that, “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 the law, in respect of any security in the 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.”

TRANSFER OF SECURITIES

Article 31 provides that, "Nothing contained in the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of Depository."

UNDERWRITING AND BROKERAGE

Article 35 provides, that "Subject to the provisions of section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares or Debentures in the Company or procuring, or agreeing to procure subscription (whether absolute or conditional) for any Share or Debentures in the Company, but so that the commission shall not exceed in the case of Shares five per cent of the price at which the Shares are issued and in the case of Debentures two and a half percent of the price at which the Debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or partly in one way and partly in the other."

Article 36 provides that, "The Company may pay a reasonable sum for brokerage."

CALLS

Article 38 provides that, "The Board may, from time to time, make such calls as they think fit upon the members in respect of any money unpaid on their shares and each member shall subject to receiving at least fourteen (14) days notice specifying the time or times of payment, pay to the Company at the time or times specified, the amount called on his/its shares. A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising the call was passed and may be revoked or postponed at the discretion of the Board."

LIABILITY OF JOINT-HOLDERS

Article 42 provides that, "The joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof."

DIRECTORS MAY EXTEND TIME

Article 43 provides that, "The Board may, from time to time, at its discretion extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members whom owing to their residence at a distance or other cause, the Board may deem fairly entitled to such extension but no Member shall be entitled to such extension save as a matter of grace and favour."

CALLS TO CARRY INTEREST

Article 44 provides that, "If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member."

SUMS DEEMED TO BE CALLS

Article 45 provides that, "Any sum, which by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue of same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified."

LIEN

Article 48 provides that, "The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up Shares/Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/Debentures and no equitable interest in any Share shall be created except on the condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/Debentures. Unless otherwise agreed the registration of a transfer of Shares/Debentures shall operate as a waiver of the Company"s lien, if any, on such Shares/Debentures. The Directors may at any time declare any Shares/Debentures wholIy or in part to be exempt from the provisions of this clause."

PARTIAL PAYMENT NOT TO PRECLUDE FORFEITURE

Article 53 provides that, "Neither a judgment in favour of the Company for call or other moneys due in respect of any Shares nor any past payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of its Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of payment of any such money, shall preclude the Company from proceeding to enforce a forfeiture of such Shares as hereinafter provided."

IN DEFAULT OF PAYMENT SHARE TO BE FORFEITED

Article 54 provides that, "If the requirements of any such notice as aforesaid shall not be complied with, every or any Share in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture."

LIABILITY ON FORFEITURE

Article 57 provides that, "Any Member whose Share has been forfeited shall cease 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, interest and expenses, owing upon or in respect of such Share, at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine, and the Board may enforce 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."

EFFECT OF FORFEITURE

Article 58 provides that, "The forfeiture of a Share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved."

POWER TO ANNUL FORFEITURE

Article 62 provides that, "The Board may at any time before any Shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit."

COMPANY MAY ISSUE SHARE WARRANTS

Article 65 provides that, "The Company may issue share warrants, subject to, and in accordance with the provisions of sections 114 and 115; and accordingly the Board, may in its discretion, with respect to any Share which is fully paid-up, on application in writing signed by the person registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time require, issue a share warrant."

RIGHTS OF HOLDERS OF SHARE WARRANTS

Article 66(a) provides that, "The bearer of a share warrant may, at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a Meeting of the Company, and of attending, and voting and exercising the other privileges of a Member at any Meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holders of the Shares included in the deposited warrant."

Article 67 provides that,

"(a) Subject as herein otherwise expressly provided; no person shall, as bearer of a share warrant, sign a requisition for calling a Meeting of the Company, or attend, or vote or exercise any other privilege of a Member at a Meeting of the Company, or be entitled to receive any notices from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privilege and advantages as if he were named in the register of Members as the holder of the Shares included in the warrant, and he shall be a Member of the Company."

REFUSAL TO REGISTER TRANSFER OF SHARES

Article 73 provides that, "Subject to the provisions of the Listing Agreements, in the event that the proper documents have been lodged, the Company shall register the transfer of securities in the name of the transferee except:

(a) when the transferee is, in exceptional circumstances, not approved by the Directors in accordance with the provisions contained herein;

(b) when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the Company from transferring the securities out of the name of the transferor;

(c) when the transferor objects to the transfer provided he serves on the Company within a reasonable time a prohibitory order of a court of competent jurisdiction."

Article 74 provides that, "Subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether by pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares."

Article 75 provides that, "The instrument of transfer shall, after registration, be retained by the Company and shall remain in its custody. All the instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as may be prescribed."

DEATH OF ONE OR MORE JOINT-HOLDERS OF SHARES

Article 77 provides that, "In case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any Share, the survivor or survivors shall be the only persons 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 Shares held by him jointly with any other person.

PERSONS ENTITLED MAY RECEIVE DIVIDEND WITHOUT BEING REGISTERED AS MEMBER

Article 80 provides that, "A person entitled to a Share by transmission shall, subject to the right of the Directors to retain such dividends of money as hereinafter, provided, be entitled to receive any and may give discharge for any dividends or other moneys payable in respect of the Share."

POWER TO BORROW

Article 83 (a) provides that, "Subject to the provisions of Sections 292 and 293 of the Act, the Board may, from time to time at its discretion by a resolution passed at a Meeting of the Board, accept deposits from Members either in advance of calls or otherwise and generally from any source, for the purpose of the Company borrow or secure the payment of such sums as it thinks fit. Provided, however, where the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up Capital of the Company and its free reserves by the limits prescribed by Section 372A of the Act, (that it to say, reserves not set apart for any specific purpose), the Board shall not borrow or raise such moneys without the consent of the Company in General Meeting."

TERMS OF ISSUE OF BONDS, DEBENTURES

Article 85 provides that, "Any Debentures, Debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and may be issued on the condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of

Shares, attending (but not voting) at the General Meeting, appointment of Directors otherwise. Debentures with a right of conversion into or allotment of shares shall be issued only with consent of the Company in General Meeting by a Special Resolution.

ANNUAL GENERAL MEETING

Article 89 provides that, "The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meetings in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings."

EXTRAORDINARY GENERAL MEETING

Article 90 provides that, "The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid-up Capital as at that date carries the right of the voting in regard to the matter in respect of which the requisition has been made.

QUORUM AT GENERAL MEETING

Article 97 provides that, "Five Members present in person shall be a quorum for a General Meeting. No business shall be transacted at any General Meeting unless the requisite quorum shall be present.

QUESTIONS AT GENERAL MEETING HOW DECIDED

Article 103 provides that, "At any General Meeting, a resolution put to the vote of the Meeting shall be decided on a show of hands, unless a poll is (before or on declaration of the result of the show of hands) demanded by at least five Members having the right to vote on the resolution and present in person or by proxy, or by the Chairman of the Meeting or by any Member or Members holding not less than one-tenth of the total voting power in respect of the resolution or by any Member or Members present in person or by proxy, and holding Shares in the Company conferring a right to vote on the resolution being Shares on which an aggregate sum has been paid-up which is not less than Rs. 50,000/-, and unless a poll is demanded, a declaration by the Chairman that a resolution has on a show of hands, been carried or carried unanimously, or by a particular majority lost, and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution."

CHAIRMAN'S CASTING VOTE

Article 104 provides that, "In the case of an equality of votes, the Chairman shall not have a casting vote.

MEMBERS NOT ALLOWED TO VOTE

Article 109 (a) provides that, "No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of class of shareholders either upon a show of hands or upon a poll in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not bee paid or in regard to which the Company has, and has not exercised, any right of lien."

NUMBER OF VOTES TO WHICH MEMBER ENTITLED

Article 110 provides that, "Subject to the provisions of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of Shares for the time being forming part of the Capital of the Company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such Meeting, and on a show of hands every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his Share of the paid-up equity share capital of the Company. Provided, however, that if any preference shareholder be present at any Meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolution placed before the Meeting which directly affect the rights attached to his preference Shares."

CASTING OF VOTE BY A MEMBER ENTITLED TO MORE THAN ONE VOTE

Article 111 provides that, "On a poll taken at a Meeting of the Company, 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."

HOW MEMBERS OF UNSOUND MIND MAY VOTE

Article 112 provides that, “A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian may, on poll vote, by proxy.”

VOTES OF JOINT MEMBERS

Article 113 provides that, “If there be joint registered holders of any Shares, any one of such persons may vote at any Meeting or may appoint another person (whether a Member or not) as his proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be present at any Meeting, then one of the said persons so present whose name stands higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other or others of the joint holders shall be entitled to be present at Meeting. Several executors or administrators of a deceased Member in whose name Shares stand shall be for the purpose of these Articles deemed joint holders thereof.”

VOTING IN PERSON OR BY PROXY

Article 114 provides that, “Subject to the provisions of these Articles votes may be given either personally or by proxy, body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.”

VOTE IN RESPECT OF SHARES OF DECEASED AND INSOLVENT MEMBER

Article 115 provides that, “Any person entitled under these Articles to transfer any Share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such Shares, 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 Directors of his right to transfer such Shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.”

VOTING BY POSTAL BALLOT

Article 116 provides that, “If applicable, resolutions passed by the Company mentioned in Rule 4 of the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 shall be passed through Postal Ballot. The procedure to be followed for conducting business through Postal Ballot should be as given in Rule 5 of the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.”

PROXY TO VOTE ONLY ON A POLL

Article 119 provides that, “A Member present by proxy shall be entitled to vote only on a poll.”

VALIDITY OF VOTES GIVEN BY PROXY NOTWITHSTANDING DEATH OF MEMBER

Article 122 provides that, “A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the Office before the Meeting.

REMUNERATION OF DIRECTORS

Article 135 provides that,

“(a) Until otherwise determined by the Company in General Meeting, and subject to applicable law, each Director other than the Managing Director and whole-time Director shall be entitled to receive out of the funds of the Company for his services in attending Meetings of the Board or committees thereof, a sitting determined by the Board from time to time.

(b) Subject to the provisions of the Act, a Managing Director or Director in the whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

(c) 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 either;

  (i) by way of monthly, quarterly or annually payment with the approval of the Central Government; or

  (ii) by way of commission if the Company by a Special Resolution authorises such payment."

SPECIAL REMUNERATION OF DIRECTORS PERFORMING EXTRA SERVICES

Article 136 provides that, "If any Director be called upon to perform extra services or make special exertions or efforts (which expression shall include work done by a Director as a Member of any committee of the Board), the Board may arrange with such Director for special remuneration for such service or exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided."

RESTRICTION ON MANAGEMENT

Article 149 provides that, "The Managing Director or Managing Directors shall not exercise the powers to:

(a) make calls on shareholders in respect of money unpaid on the Shares in the Company;

(b) issue Debentures; and except to the extent mentioned in the resolution passed in the Board Meeting under section 292 of the Act, shall also not exercise the powers to:

(c) borrow moneys otherwise than on Debenture;

(d) invest the fund of the Company; and

(e) make loans."

POWERS OF DIRECTORS

Article 162 provides that, "The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed 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 regulation had not been made."

Article 163 provides that, "The Directors may from time to time appoint, and at their discretion, remove the Secretary provided that where the paid-up share capital of the Company is rupees twenty five lakhs or more it shall have a whole-time Secretary. The Directors may also at any time appoint some person (who need not be the Secretary) to kept the registers required to be kept by the Company."

DIVIDENDS

Article 166 provides that, "The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles shall be divisible amount Members in proportion to the amount of Capital paid or credited paid-up on the Shares held by them respectively."

Article 167 provides that, "The Company in General Meeting may declare dividends to be paid to Members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend."

INTERIM DIVIDEND

Article 169 provides that, "The Board may, from time to time, pay to the Members such interim dividend as in their judgment the position of the Company justifies."

CAPITAL PAID-UP IN ADVANCE AT INTEREST NOT TO EARN DIVIDEND

Article 170 provides that, "Where Capital is paid in advance of calls, such Capital may carry interest but shall not in respect thereof confer a right to dividend or participation in profits."

DIVIDENDS IN PROPORTION TO AMOUNT PAID-UP

Article 171 provides that, "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 dividends is paid, but 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."

TRANSFER OF SHARE MUST BE REGISTERED

Article 172 provides that, "A transfer of Shares shall not pass the right to any dividend declared thereon before the registration of the transfer."

INTEREST ON UNPAID DIVIDEND

Article 174 provides that, "Subject to the provisions of sections 201 to 208 of the Act, no unpaid dividend shall bear interest as against the Company."

CAPITALISATION

Article 177 provides that,

"(a) The Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund, or any capital redemption reserve accounts, or in the hands of the Company and available for dividend (or representing premium received on the issue of Shares and standing to the credit of the Share premium account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as Capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued Shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued Shares and that such distribution or payment shall be accepted by such Shareholders in full satisfaction of their interest in the said Capitalised sum provided that a Share premium account and a Capital redemption reserve account may, for the purpose of this Article, only be applied in the paying of any unissued Shares to be issued to Members of the Company as fully paid bonus Shares.

(b) A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed among the Members on the footing that they receive the same as Capital.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates."

WINDING UP

Article 194 provides that, "If the Company shall be wound up and the assets available for distribution among the members are insufficient to pay the whole of the paid up capital, such assets shall be distributed in such a way so that as nearly as may be possible the losses shall be borne by the members in proportion to the capital paid up at the commencement of the winding up and if the assets for distribution among the members on winding up are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively."

Article 194A provides that, "If the Company shall be wound up whether, voluntarily or otherwise, the liquidators may with the sanction of a special resolution divide amongst the constituents in species or kind, any part of the Company."

INDEMNITY AND RESPONSIBILITY

Article 195 provides that, “Subject to the provisions of Section 201 of the Act, a Director or officer of the Company or any person employed by the Company as auditor shall be indemnified out of the funds of the Company for all liabilities incurred by him as such Director, officer, or auditor in defending any proceedings whether, civil or criminal, in which judgment is given in his favour or 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 XI: MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

Copies of the following contracts which have been entered or are to be entered into by the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been attached to the copy of this Red Herring Prospectus delivered to the Registrar of Companies, Maharashtra at Mumbai for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office of the Company located at 43, Shivshakti Industrial Estate, Andheri-Kurla Road, Marol, Mumbai 400 059 from 10.00 a.m. to 4.00 p.m. on working days from the date of the Red Herring Prospectus until the date of closure of the Offer.

Material Contracts

1. Letter of Engagement dated June 21, 2007 for the appointment of Kotak Mahindra Capital Company Limited and Enam Securities Private Limited from the Company and the Selling Shareholders appointing them as BRLMs.
2. Memorandum of Understanding dated June 21, 2007 between the Company, the Selling Shareholders and the BRLMs.
3. Memorandum of Understanding dated June 7, 2007 between the Company and the Registrar to the Offer.
4. Escrow Agreement dated [•] between the Company, the Selling Shareholders, BRLMs, Escrow Collection Banks and the Registrar to the Offer.
5. Syndicate Agreement dated [•] between the Company, the Selling Shareholders, BRLMs and the Syndicate Members.
6. Underwriting Agreement dated [•] between the Company, the Selling Shareholders, the BRLMs and the Syndicate Members.

B. Documents for Inspection

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our Certificate of Incorporation of the Company, change of name and change in Registered Office of the Company.
3. Investment Agreement dated August 22, 2002 between the Company, CDC Financial Services (Mauritius) Limited, SARF, Canzone, our Promoter and certain shareholders.
4. Investment Agreement dated June 13, 2006 between the Company, ICICI Bank Canada, ICICI Bank UK, our Promoter and certain shareholders.
5. Supplemental agreement dated June 6, 2007 between the Company, ICICI Bank Canada, ICICI Bank UK, CDC Financial Services (Mauritius) Limited, SARF, Canzone, our Promoter and certain shareholders.
6. Board resolutions in relation to this Offer and Board and shareholders' resolution in relation to other related matters.
7. Board resolutions and letters of authority obtained from each of the Selling Shareholders.
8. Board resolutions and agreements setting out the present terms of employment of our Directors.
9. The Auditor's Report dated September 7, 2007 prepared in accordance with Indian GAAP, set out in the section titled "Financial Statements" on page 101 in this Red Herring Prospectus.
10. Copies of annual reports of the Company for the last five years.
11. The Tax Benefit Report dated October 24, 2007 prepared by the Auditors.
12. Consent from the Auditors for inclusion of their names as the statutory auditors and of their reports on accounts in the form and context in which they appear in this Red Herring Prospectus.
13. Consent of Directors, BRLMs, Auditors, Company Secretary and Compliance Officer, legal advisors to the Offer, the Syndicate Members, Registrar to the Offer and Bankers to our Company, in their various capacities.
14. Application letter dated June 12, 2007 to the RBI and their response dated July 23, 2007.
15. Due Diligence Certificate dated June 28, 2007 addressed to SEBI from the BRLMs.

16. SEBI interim letter dated August 24, 2007 and BRLMs reply dated September 13, 2007. SEBI observation Letter No. CFD/DIL/ISSUE/MKS/106708/2007 dated October 19, 2007.
17. Initial listing application dated June 28, 2007 and June 28, 2007, for listing the Equity Shares of the Company on NSE and BSE respectively.
18. In principle listing approvals dated July 31, 2007 and August 1, 2007 issued by NSE and BSE respectively.
19. Tripartite Agreement dated June 13, 2007 the Company, NSDL and the Registrar to the Offer.
20. Tripartite Agreement dated September 26, 2007 between the Company, CDSL and the Registrar to the Offer.
21. Consent dated September 26, 2007 from the IPO grading agency for inclusion of their report in the form and context in which they appear in the Red Herring Prospectus and the Prospectus.
22. Sale Purchase Agreement dated November 19, 2001 between the Company and Tata Chemicals Limited.
23. Share Purchase Agreement dated February 19, 2002 between the Company and Yodeva Plastics (Private) Limited.
24. Share Purchase Agreement February 19, 2002 between the Company, Mr. V. Rama Mohan Reddy and Mrs. Geeta Reddy.
25. Joint Venture Agreement January 23, 2007 between the Company, CCL Products (India) Limited.
26. Manufacturing, Marketing and Distribution Agreement dated May 11, 2007 between the Company, CCL Products and CSPL.
27. Share Purchase Agreement dated September 12, 2007 between the Company, Mr. Ashok Anand Singhal, Mrs. Shilpi Anand Singhal and AICPL.
28. Joint Venture Agreement dated February 1, 2007 between the Company, Ms. Shobha Kapoor and Ms. Ekta Kapoor.
29. Marketing and Distribution Agreement dated March 1, 2007 between the Company and Balaji Telebrands.
30. Share Subscription Agreement dated November 17, 1999 between Mr. M. P. Ramchandran and Baring India Investment Limited.
31. Advertising Agreement dated July 1, 2006 between the Company and Interact Vision Advertising and Marketing Private Limited.
32. Advertising Agreement dated July 1, 2006 between our Company and Mudra Communication Private Limited.
33. Consultancy Agreement dated January 9, 2007 between our Company and R. G. Consultancy.
34. Consultancy Agreements dated October 19, 2006 between our Company and Image Consultants.
35. Tea distribution Agreement dated November 8, 2005 between our Company and Godrej Tea Limited.
36. Sample Distribution Agreement to appoint super-distributors to distribute products.
37. Sample Distribution Agreement for the manufacture of Maxo mosquito coils and Exo dishwash products.
38. Trademark License Agreement dated September 13, 2002 between our Company and M. P. Ramchandran.
39. Board resolution dated July 31, 2002 for purchase of Emerald packaging.
40. Deed of Assignment for trademarks between our Company and persons who are partners of Modern Chemicals (India) and Mod Chem (India) Private Limited.
41. Deed of Assignment for trade mark between our Company and Ivan Nigli.
42. IPO Grading Report dated August 11, 2007 by Credit Analysis and Research Limited.
43. IPO Grading revalidation letter dated October 24, 2007 from Credit Analysis and Research Limited.

Any of the contracts or documents mentioned in this 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 provisions contained in the Companies Act and other relevant statutes.

SECTION X: DECLARATION

All relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government or the guidelines issued by 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 Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or Rules made there under or guidelines issued, as the case may be.

We and the signatories mentioned hereinbelow further certify that all statements in this Red Herring Prospectus are true and correct, provided, however, that the Selling Shareholders assume no responsibility for any of the statements made by our Company in this Red Herring Prospectus relating to our Company, our business and related disclosures, except statements with relation to each of them as Selling Shareholders.

SIGNED BY THE DIRECTORS OF THE COMPANY

Mr. M. P. Ramachandran
(Managing Director)

Mr. K. Ullas Kamath
(Deputy Managing Director)

Ms. M. R. Jyothy

Mr. Nilesh B. Mehta

Mr. K. P. Padmakumar

Mr. Bipin R. Shah

SIGNED BY THE SELLING SHAREHOLDERS

Canzone Limited
**through their constituted attorney*

ICICI Bank Canada
**through their constituted attorney*

ICICI Bank UK PLC
**through their constituted attorney*

South Asia Regional Fund
**through their constituted attorney*

CDC Investment Holdings Limited
**through their constituted attorney*

Signed by:

Mr. M.L. Bansal
(Chief Financial Officer and Company Secretary.)

Date: November 5, 2007
Place: Mumbai

CARE Ratings

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Shri K Ullas Kamath
Dy. Managing Director
Jyothy Laboratories Limited
43, Shivshakti Industrial Estate,
Andheri-Kurla Road,
Marol, Mumbai-400 059

August 11, 2007

Confidential

Dear Sir,

IPO Grading

Please refer to our letter dated July 18, 2007 and your subsequent letter dated July 31, 2007, on the above subject.

2 It has been decided to assign a **'CARE IPO Grade 4'** grading to the proposed IPO issue of Jyothy Laboratories Ltd **CARE IPO Grade 4 indicates above average fundamentals.** The explanatory notes regarding the grading symbols of CARE for IPO grading are given in **Annexure** The rationale for this grading will be communicated to you separately.

3. Please note that wherever **'CARE IPO Grade 4' [Grade Four]** appears, it should invariably be followed by the definition **"'CARE IPO Grade 4' [Grade Four] indicates above average fundamentals"**

4 Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within three months from the date of this letter

5 Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity

6 Please note that as per the existing regulations, CARE is required to disclose all IPO gradings As such, in the absence of any request for review of rating within a week of this letter, CARE will disclose this IPO grading to the public

7 Please note that the disclaimer, as given hereunder, should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus

CARE Ratings

8. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,

Yours faithfully,

[Sarita Pinto]
Sr. Manager

[D. R. Dogra]
Executive Director

Encl : As above

DISCLAIMER:
CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer: also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading

CARE Ratings

Annexure

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

CARE Ratings

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Shri K. Ullas Kamath
Dy. Managing Director
Jyothy Laboratories Limited
43, Shivshakti Industrial Estate,
Andheri-Kurla Road,
Marol, Mumbai-400 059

August 23, 2007

Confidential

Dear Sir,

IPO Grading

Please refer to our letter dated August 11, 2007, on the above subject

2. As already advised, our Rating Committee has assigned a **'CARE IPO Grade 4'** grading to the Initial Public Offer of Jyothy Laboratories Limited. The rationale for the Grading is enclosed as Annexure to this letter
3. The above rationale would be included in our quarterly journal, CAREVIEW. We shall be grateful for any comments that you may have on the rationale as early as possible. In case we do not hear from you by August 30, 2007, we will proceed on the basis that you do not have any comments to offer
4. CARE IPO grading is not recommendation to buy, sell, or hold any security.
5. If you need any clarification, you are welcome to approach us in this regard

Thanking you,

Yours faithfully,

[Sarita Pinto]
Senior Manager

[D. R. Dogra]
Executive Director

Encl : As above

Jyothy Laboratories Ltd.

IPO Grading **CARE IPO Grade 4**

CARE has assigned a 'CARE IPO Grade 4' to the proposed Initial Public Offer (IPO) of Jyothy Laboratories Limited (JLL) CARE IPO Grade 4 indicates above average fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer The grade assigned to any individual issue represents a relative assessment of the fundamentals of the issuer. JLL proposes an IPO of 4,430,260 equity shares of face value of Rs.5 each.

The grading draws strength from the track record of the promoters in the business for over two decades, participation of private equity investors in the business since 2000, high market share of its flagship product –Ujala fabric whitener, and healthy financial position of the company. The grading also takes into account JLL's focus on rural markets, its strong distribution network and its ability to roll out reasonably priced products.

The rating is, however, constrained by a small product portfolio at the national-level, highly competitive nature of the industry in which the company operates and moderate governance structure of the company.

Background of the company

JLL was founded in 1983 as a proprietary concern by Mr. M P Ramachandran for manufacturing and marketing Ujala brand of fabric whitener. The company was incorporated as Jyothi Laboratories Private Limited in 1992. Later, in 1995, its name was changed to Jyothi Laboratories Limited, which was further modified to Jyothy Laboratories Limited in 1996.

Over the years, the company has evolved from a single-product proprietary firm into a multi-brand company involved in the manufacturing and marketing of fabric whiteners, mosquito coils, soaps, detergents and incense sticks. The company acquired Tata Chemicals' detergent divisions along with the 'Shudh' and 'Rakshak' brands in 2001 and a Hyderabad-based mosquito coil making company - 'Shree Sai Home Care Products' in

2002 JLL also acquired a few regional brands, namely 'Ruby' and 'Morelight' -to complement its flagship brand 'Ujala'- in 2007.

The company has attracted investments by various well-known private equity investors like Baring India Investment Limited, CDC Financial services, CLSA and ICICI Bank Canada and UK, who have invested in the company's growth for various time-frames from the year 2000 onwards

Management

Mr. M. P. Ramachandran, the promoter of the company and a first generation entrepreneur, has over 36 years of experience in general management. It is under his leadership that JLL has grown to its present scale. He has also been nominated by the Economic Times for "Entreprenuer of the Year" award in 2003 and 2004. Mr. K. Ullas Kamath, JLL's Deputy Managing Director, has been associated with the company since inception and assists the promoter in looking after the company's strategic as well as day-to-day operations

Mr Nilesh Mehta joined the management team in 2003 as a non-executive independent director. He has over 20 years of experience in investment banking, private equity and fund related activities. Recently, Ms. M. R. Jyothy, Mr. Ramachandran's daughter, has joined the board and looks after the company's sales, marketing and branding related activities. All other senior executives of the company have rich experience and are well qualified

Corporate Governance

JLL is a closely held company, with the promoters holding around 70% of the company's share capital. The company has three independent, non executive directors out of total number of six directors on the board. The corporate governance practices in terms of adhering to clause 49 of listing agreements have been initiated recently. The company has substantial transactions with related parties, as some of the subsidiaries/group companies act as stockists/distributors of the company's products. The company's corporate governance practices can be considered moderate.

Operations

JLL largely operates in the 'Home Care' segment of the FMCG industry. Recently, the company has also diverted its attention to the 'Personal Care' segment JLL has brands like Ujala (Fabric Care), Maxo (Mosquito Repellent), Exo (Dishwashing Product), Jeeva (Natural Soap) and Maya (Incense Sticks) in its product's portfolio. Most of JLL's products have a very strong presence in Southern India, particularly Kerala, as the company establishes its products in these markets before launching them nationally. This strategy helps JLL in establishing the products without incurring very high promotional expenses in the early stages In addition, JLL's ability to control its costs helps the company in rolling out low-priced products The company has successfully established two of its products on a national scale, with each product contributing over Rs 100 crores in terms of annual revenues. The other products/brands of the company have a regional presence

During FY04, the company attempted to launch its Jeeva brand of soap directly in the national market, contrary to their strategy of establishing the product in the regional market In order to do this, JLL spent heavily on advertising and promotion. However, the product did not perform as per the company's estimates and JLL had to book losses in the same year The company is now re-launching the same product after having established it in the southern markets of the country

JLL has 21 manufacturing facilities, spread over 14 different locations all over India, eight of which are in tax efficient locations The company also outsources a significant portion of the production of its Maxo brand of coils to various small manufacturing units across the country JLL has an in-house engineering R&D and manufacturing unit at its Pondicherry plant, which has designed and developed the bottle manufacturing as well as bottling plants of the company

Further, the company is setting up two green-field manufacturing units at Jammu and Guwahati for the in-house production of Maxo and to avail tax benefits In addition, JLL is also setting up a plant in Uttranchal for the production of Ujala fabric whitener and detergent. The company has established a strong distribution network of over 2500 distributors and over one million retail outlets, which are serviced by a sales staff of over 1500 people.

Financial

The financial statements of the Company are prepared in accordance with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and referred to in the Company's Act and generally accepted accounting principles in India

The auditors have, in the past, stressed on the need to strengthen the internal control processes of the company with regards to sales promotion and have also commented on the delays in the payment of statutory dues by the company, although not very significant The auditors have expressed satisfaction over the company's management, accounting policies and internal control systems, in general

JLL's net-sales have grown at a CAGR of over 5% in the past three financial years ending June 2006, which is significantly higher than the 2% average growth exhibited by the household care industry. Growth in sales was mainly driven by its flagship product - Ujala whose sales have grown at a CAGR of 12% in the past three years This brand contributed around 49% to the total sales for the year ended 30 June, 2006 and accounted for around 58% of the total contribution of the company PBILDT has grown at a higher CAGR of approximately 28% during the past four years as JLL was able to control its raw material cost and selling expenses The company has already registered net sales of Rs 306 crore for the nine months ending March 31, 2007, with a PAT of Rs 38 crore.
Being in an industry where cash conversion cycles are typically short, JLL has been able to meet its working capital requirements through internal accruals. Therefore JLL has been able to sustain its operations without high borrowings. This explains the low interest outflows and low gearing levels
JLL registered losses in FY'04 as the company had booked the entire selling expenses for the launch of its Jeeva soap brand. The launch was not successful as the product was not

accepted well in the market and thus the company decided to book losses and withdrew the product from the market.

Industry overview

The Fast Moving Consumer Goods (FMCG) sector is a key component of India's GDP with a total market size in excess of Rs.70, 000 crore It is the fourth largest sector in the economy and is responsible for five per cent of total factory employment in the country. Strong distribution network and high penetration levels are the key attributes of this sector as delivering products to the point of consumer demand is a key determinant of success in this industry. The industry is dominated by players having a wide range of products and strong backing by either MNC parents or large corporate houses.

The FMCG industry is a highly fragmented industry and can be broadly classified into three major segments namely, personal care, household care and packaged food & beverages These segments can be further classified into various sub-segments

Household care comprises household cleaners, laundry care, toilet cleaners, air fresheners, insecticides, mosquito repellents, polishes etc The laundry care segment contributes around 69% of all sales in the household care sector Of this, detergents contribute around 92% of the total laundry care sales, while the remaining is contributed by detergent aids. Major players in this segment are HLL (Wheel, Surf, Rin), Nirma Limited (Nirma) and P&G (Ariel, Tide) Ujala is the market leader in the fabric whitener segment with a 68% market share in India by value for the month ended March 31, 2007. (Source A.C. Nielsen)

The principal types of insecticides in India include insecticide coils, electric repellents, spray and aerosol insecticides etc. Within the segment, coils and electric repellents contribute around 43-44% each to the total sales of the segment. Major players in this segment are Reckitt Benckiser (Mortein), Godrej (Goodknight) and JLL (Maxo).

IPO Issue Details

The company is proposing to make a public offer of 44 30 lakh equity shares of Rs 5 each for cash through an offer for sale by the selling shareholder. Price band for the same has not been decided yet. The offer would constitute 30.52% of the fully diluted post-offer paid-up capital of JLL

The object of the Offer is to carry out the divestment of 4,430,260 equity shares held by the institutional shareholders. JLL will not receive any proceeds from the IPO.

These selling institutional shareholders are:

Institutional shareholders	*# of shares*	*As a % of pre offer capital*
Canzone Limited	782,130	5.39
ICICI Bank Canada	1,451,200	10.00
ICICI Bank UK PLC	1,414,800	9.75
South Asia Regional Fund	391,066	2.69
CDC Investment Holdings Limited	391,064	2.69
Total	***4,430,260***	***30.52***

The entire pre-offer capital, other than those equity shares locked in as minimum promoter's contribution and those equity shares offered in the *Offer for Sale*, shall be locked in for a period of one year from the date of allotment under this offer.

Prospects

JLL's business strategy revolves around tapping the high growth untapped market/categories and providing value for money products. This strategy has helped the company in successfully establishing its frontline brands – Ujala and Maxo, with each brand contributing over Rs. 100 crore, annually, to the top line. Further, while Ujala has a dominant market share of around 68% in the fabric whitener segment, Maxo ranks third, by value, in the mosquito coils segment with a market share of around 20%. Going ahead, JLL needs to improve the visibility, profitability and market share market share for its Maxo brand of products as well as other regional/smaller brands.

Financials

(Rs. Crore)

Period ended	**June-04**	**June-05**	**June-06**
Period in Months	*15*	*12*	*12*
Total operating income	317	293	348
PBILDT	-22	35	50
Interest	2	0	0
Depreciation	5	5	5
PAT	-23	32	46
NCA	-21	39	44
Net worth	189	217	253
Net fixed assets	63	75	82
Total Capital Employed	193	220	259
PBILDT/Total Income (%)	N.M	12.01	14.34
PAT/Total Income (%)	N.M	9.56	12.37
ROCE (%) (Operating)	-11.73	16.22	19.48
RONW (%)	-11.15	14.00	18.71
Overall Gearing Ratio	0.02	0.01	0.02
Current Ratio	5.06	5.31	6.61
Quick Ratio	4.31	4.73	5.82
Ave Coll. Period (days)	55	34	32
Working Capital turnover Ratio	2.00	2.43	2.31

CARE Ratings

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Shri K. Ullas Kamath
Dy. Managing Director
Jyothy Laboratories Limited
43, Shivshakti Industrial Estate,
Andheri-Kurla Road,
Marol,
Mumbai-400 059

October 24, 2007

Confidential

Dear Sir,

IPO Grading

Please refer to our IPO Grading letter dated August 11, 2007 and your subsequent letter dated October 23, 2007, requesting us to revalidate the grading.

2 Our rating committee has reaffirmed a **'CARE IPO Grade 4'** to the proposed IPO issue of Jyothy Laboratories Ltd. **CARE IPO Grade 4 indicates above average fundamentals.** The explanatory notes regarding the grading symbols of CARE for IPO grading are given in **Annexure**.

3 Please note that wherever **'CARE IPO Grade 4' [Grade Four]** appears, it should invariably be followed by the definition **"'CARE IPO Grade 4' [Grade Four] indicates above average fundamentals"**

4 Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within two months from the date of this letter.

5 Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity

6 Please note that the disclaimer, as given hereunder, should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus.

7 If you need any clarification, you are welcome to approach us in this regard

Thanking You,

Yours faithfully,

[Umesh Pratap Singh]
Manager

[Rajesh Mokashi]
Executive Director

Encl : As above

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However CARE does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading

CARE Ratings

<u>Annexure</u>

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
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